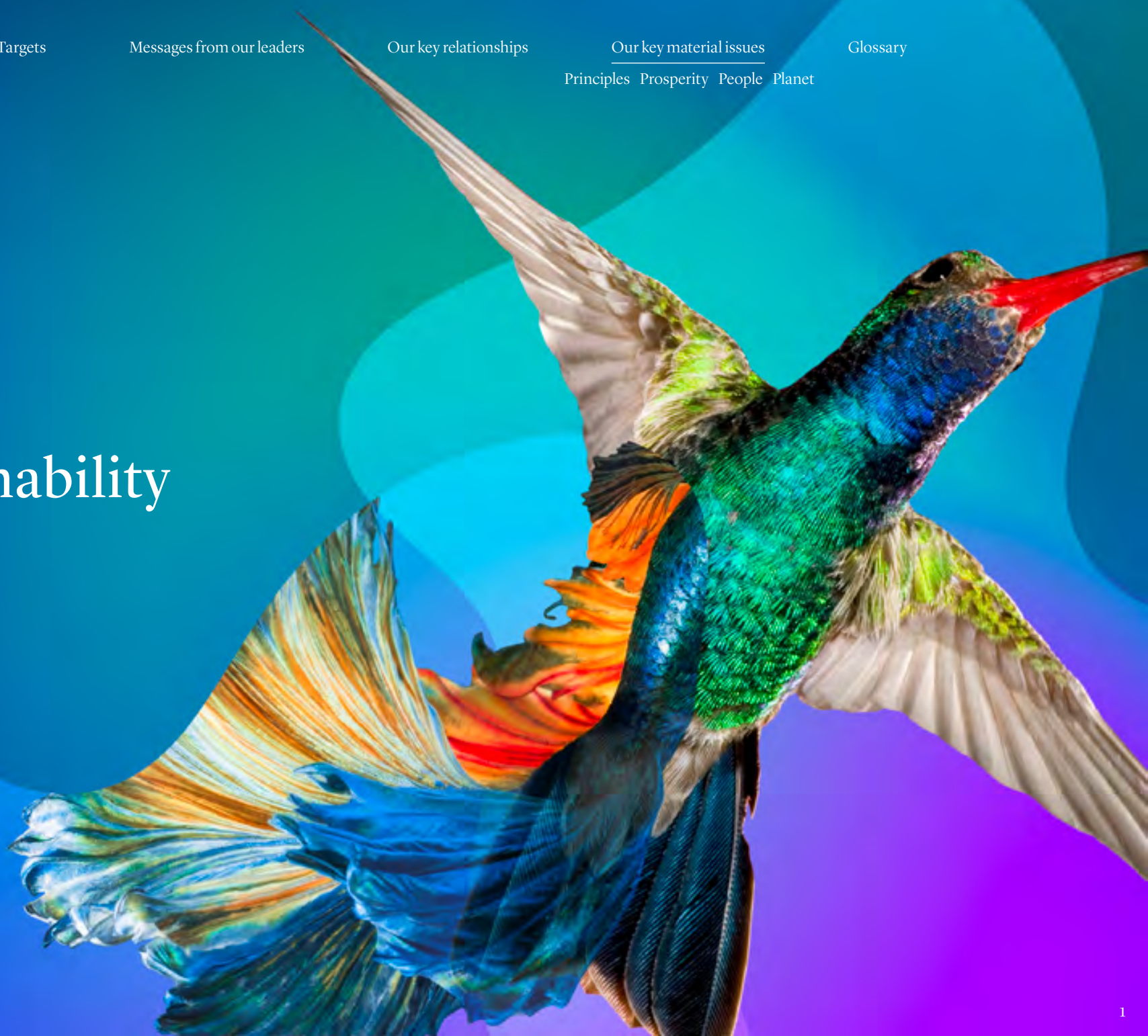


sappi

2022

Group Sustainability Report









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Icons

-  Risk
-  Case study
-  Information
-  Related and explanatory information in this report is cross referenced.
-  See more detailed information in other published documents on www.sappi.com or other interactive reports.
-  See more detailed information on third-party websites.

Thrive25 strategy

-  Grow our business
-  Sustain our financial health
-  Drive operational excellence
-  Enhance trust

About our theme

The beauty, energy and vitality of the images used through this report reflect our theme of 'amplify'. They celebrate our achievements during FY2022 across all aspects of our business. These range from our strong EBITDA performance to our employees' commitment to understanding our customer needs and their innovation in creating sustainable solutions. And they include our bold actions to uplift communities and lighten our footprint on the planet. Overall, they celebrate our progress towards a thriving world.



Who

we are

Sappi is a leading global provider of everyday materials made from woodfibre-based renewable resources. As a diversified, innovative and trusted leader focused on sustainable processes and products, we are building a more circular economy by making what we should, not just what we can.

Our raw material offerings (such as dissolving pulp, wood pulp and biomaterials) and end-use products (packaging and specialty papers, graphic papers, casting and release papers and forestry products) are manufactured from woodfibre sourced from sustainably managed forests and plantations, in production facilities powered, in many cases, with bio-energy from steam and existing waste streams. Many of our operations are energy self-sufficient.

Together with our partners, we work to build a thriving world by acting boldly to support the planet, people and prosperity.

Paper production
per year
5.5 million tons

Paper pulp production
per year
2.6 million tons

Dissolving pulp
production per year
1.5 million tons

Globally we have
12,495 employees¹

Owned and leased
sustainably managed
forests in South Africa
400,000 ha

¹ Includes corporate and Sappi Trading employees.

Where

we operate

Sappi Trading

Sappi Trading operates a network for the sale and distribution of our products outside our core operating regions of North America, Europe and South Africa.

Sales offices

- Bogotá
- Hong Kong
- México City
- Johannesburg
- Sydney
- Nairobi
- Shanghai
- São Paulo



Europe

- 10 Production facilities
- 15 Sales offices



North America

- 4 Production facilities
- 6 Sales offices

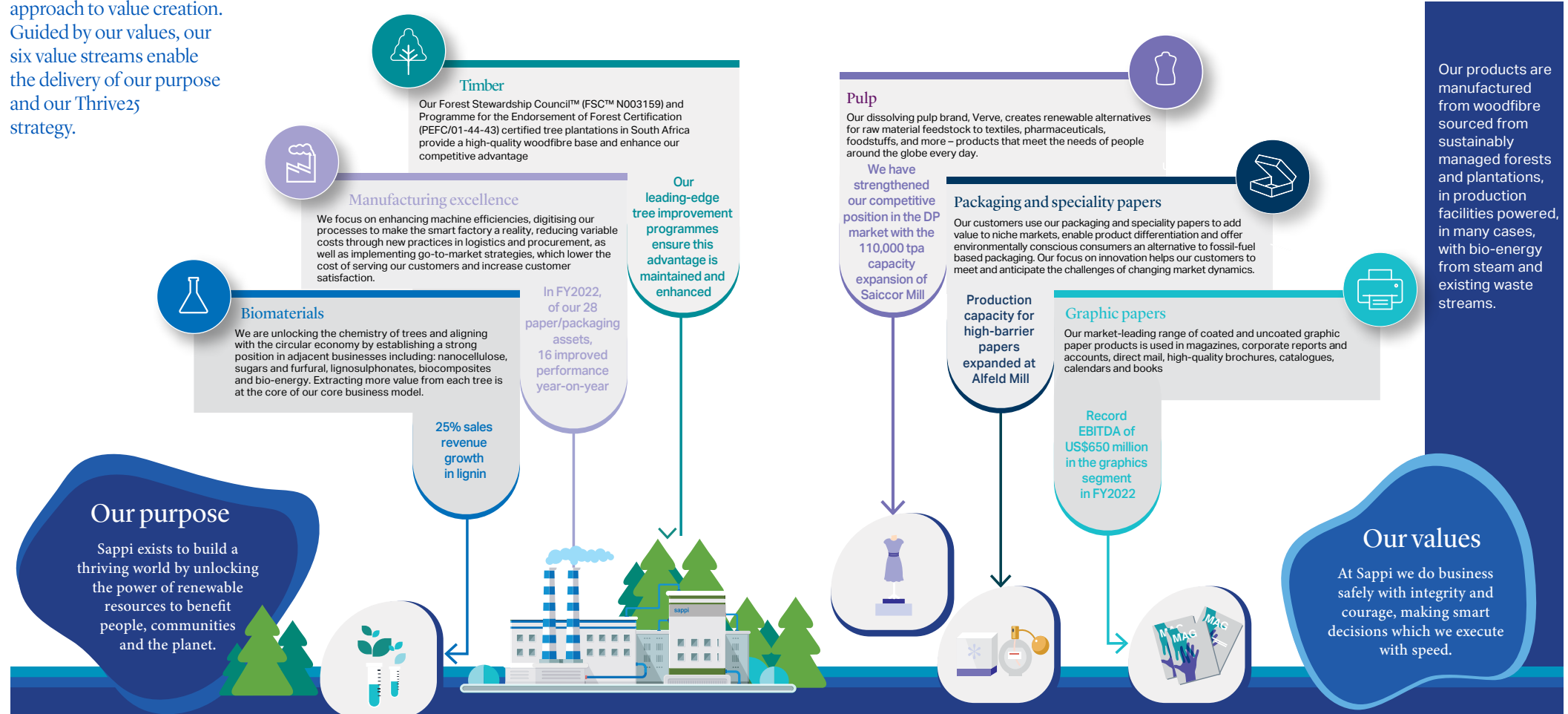


South Africa

- 5 Production facilities
- 6 Sales offices

Our value streams

We take an integrated approach to value creation. Guided by our values, our six value streams enable the delivery of our purpose and our Thrive25 strategy.



About this report

Scope of this report

This report is aligned with our annual integrated report and covers the period from the beginning of October 2021 to the end of September 2022. We report on a regional and global basis, wherever possible presenting data over five years to make the information relevant, accessible and comparable. Commentary is provided on graphs to enhance understanding and specific measurement criteria – as well as instances where these have changed – are clearly spelled out.


Reporting framework

As Sappi Limited is headquartered in South Africa and we have our primary listing on the JSE Limited (JSE), we abide by the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)* Our annual integrated report provides a very clear link between sustainability and strategy and sets out how we create stakeholder value in a sustainable manner.

Aligning with the GRI

This report has been prepared in line with the GRI (Global Reporting Initiative) standards in terms of the core option. The relevant indicators can be found in our interactive GRI index.

Determining materiality

We consider material matters to be those matters that could facilitate or inhibit our OneSappi strategy and that could substantively affect – either positively or negatively – our ability to create stakeholder value over the short, medium and long term. For some time now, we have been increasingly incorporating the principle of double  materiality into our reporting.

The information presented has been determined on the basis of our ongoing extensive engagement with our stakeholders and has been assessed against the backdrop of current business operations, as well as the opportunities, challenges and prevailing trends in our industry and the global economy within the context of the global forces shaping our world. In preparing this report, we have tracked environmental findings and research, public opinion, employee views and attitudes, the interests and priorities of environmental and social groups, as well as the activities, profiles and interests of our various stakeholders.

While we do cover economic (Prosperity) issues to some extent, these are dealt with in greater detail in our annual integrated report. We aim to present information that is material, accurate, comparable, relevant and complete. The information presented covers topics and indicators that reflect our significant economic, environmental and social impacts, as well as issues that would substantively influence the assessments and decisions of stakeholders.

Identifying stakeholders

We have identified the stakeholders we expect to use our report on the basis of our ongoing engagement, both formal and informal, with them. The various ways in which we engage our stakeholders are set out in Our key relationships. The stakeholders we expect to use this report include investors, employees, communities and all those who are affected by our activities.

Note

Note: The 2022 regional sustainability report for SNA, as well as our corporate citizenship report for SSA will be published on www.sappi.com in 2023.

External assurance

In 2022 we obtained external limited assurance on selected sustainability key performance indicators in this report (please refer to the Independent Assurance Practitioner's Limited Assurance Report on Selected Key Performance Indicators on the following pages).

Total specific GHG emissions (Scope 1 and 2) (kgCO ₂ e/ adt)	798.7 ^{LA}
Total specific solid waste to landfill (on-site and off-site) (kg/adt)	52.1 ^{LA}
Share of certified fibre (%)	77 ^{LA}
Specific process water usage in South Africa (m ³ /adt)	48.6 ^{LA}
Employee (Own) LTIFR* (rate)	0.37 ^{LA}
Contractor LTIFR (rate)	0.25 ^{LA}

LA: Limited assurance provided by KPMG.
* Lost-time injury frequency rate.

External reviews of our sustainability performance



 We reported to the CDP (www.cdp.net/en) under its climate and forest programmes, making our responses publicly available and scoring A- for forests and B for climate. We also, for the first time, submitted privately to CDP's water questionnaire.



All three regions – Europe, North America and Southern Africa – achieved a Platinum medal in FY2022.



We were confirmed as a constituent of this index.

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Independent Assurance Practitioner’s

Limited Assurance Report on Selected Key Performance Indicators

To the Directors of Sappi Limited

Report on Selected Key Performance Indicators

We have undertaken a limited assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the 2022 Group Sustainability Report of Sappi Limited (Sappi) for the year ended September 2022 (the “Report”). This engagement was conducted by a multidisciplinary team including safety, environmental and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected KPIs, marked with a ‘LA’ on the relevant pages in the Report. The selected KPIs described below have been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards (“GRI

Standards”), supported by Sappi’s internally developed guidelines (collectively referred to as “Sappi’s reporting criteria”).

Directors’ Responsibilities

The Directors are responsible for the selection, preparation, and presentation of the selected KPIs in accordance with the accompanying Sappi reporting criteria.

This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation, and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.

Inherent Limitations

The Greenhouse Gas (GHG) emission quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards).

KPMG Inc. applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Auditor’s Responsibility

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in

accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, and in respect to the greenhouse gas emissions, in accordance with the International Standard on Assurance Engagements 3410 (ISAE 3410), *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. These Standards require that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (revised) and ISAE 3410 involves assessing the suitability in the circumstances of Sappi’s use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing and reconciling information with underlying records.

Category	Selected KPIs	Scope of Coverage
Environment	Total specific GHG emissions (Scope 1 and 2) (kgCO ₂ e/ adt)	Sappi Global (Total Group)
	Total specific solid waste to landfill (on-site and off-site) (kg/adt)	
	Share of certified fibre (%)	
	Specific process water usage in South Africa (m ³ /adt)	Sappi Southern Africa
Safety	Employee (Own) LTIFR (rate)	Sappi Global (Total Group)
	Contractor LTIFR (rate)	

Independent Assurance Practitioner's Limited Assurance Report on Selected Key Performance Indicators

continued

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process.
- Inspected documentation to corroborate the statements of management in our interviews.
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs.
- Performed a controls walkthrough of identified key controls.
- Conducted interviews with relevant key personnel and data owners to understand data collection and report preparation processes, as well as the associated key controls.
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria.

- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors/management in the preparation of the selected KPIs.
- Evaluated whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at Sappi.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Sappi's selected KPIs have been prepared, in all material respects, in accordance with the accompanying Sappi reporting criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected KPIs as set out in the Subject Matter paragraph above for the year ended September 2022 are not prepared, in all material respects, in accordance with the reporting criteria.

Other Matters

Our report includes the provision of limited assurance on total specific solid waste to landfill (on-site and off-site) (Sappi Group), share of certified fibre (Sappi Group), and specific process water usage for Sappi Southern Africa. We were previously not required to provide assurance on these selected KPIs.

The maintenance and integrity of the Sappi website is the responsibility of Sappi management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Sappi's website.

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the Directors of Sappi in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Sappi, for our work, for this report, or for the conclusion we have reached.

KPMG Inc.
Registered Auditor

Per C H Basson
Chartered Accountant (SA)
Registered Auditor
Director

14 December 2022

KPMG Crescent
85 Empire Road
Parktown, Johannesburg
2193

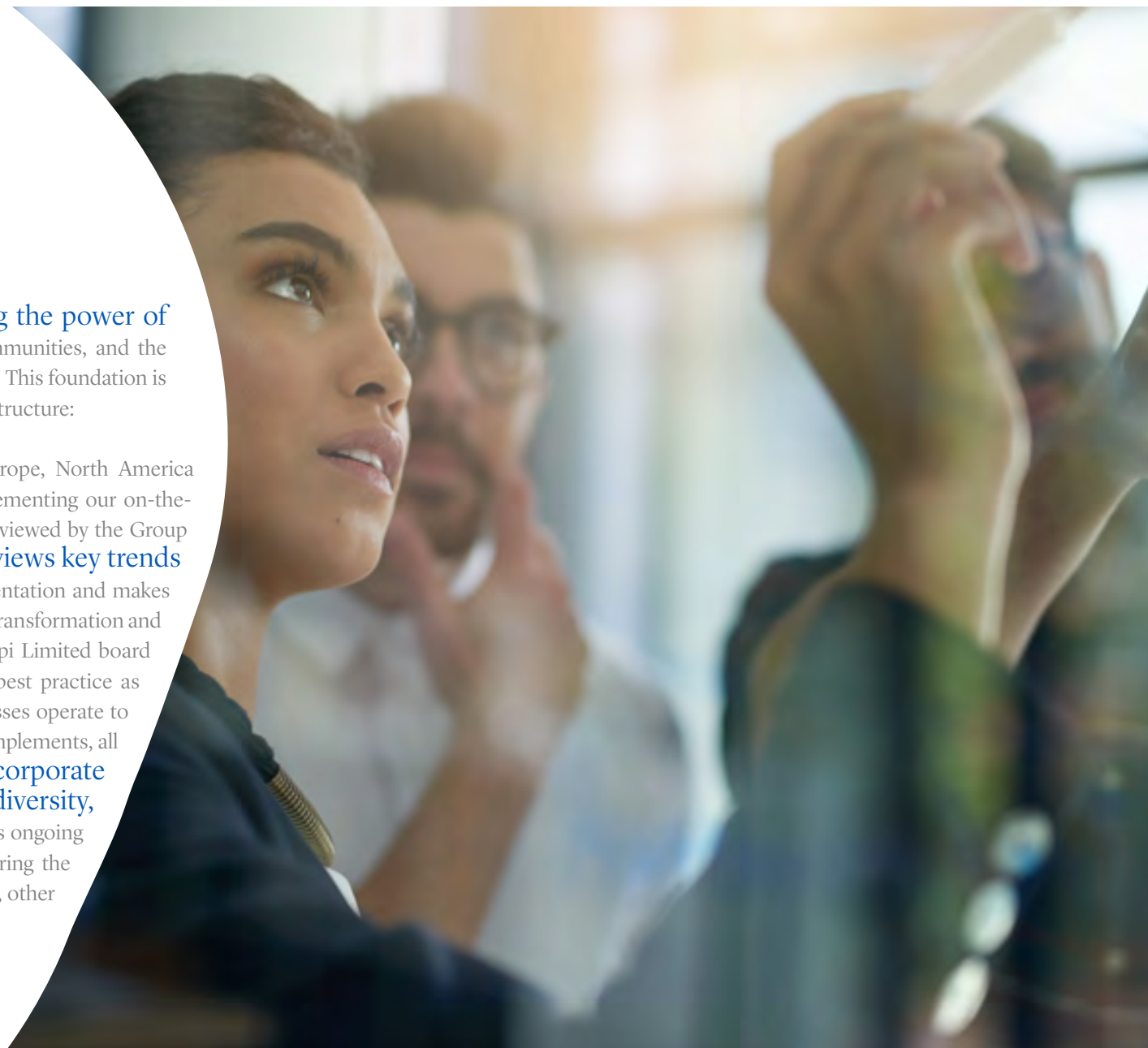
BURST

Governance

Enhancing trust

As we work to build a thriving world by **unlocking the power of renewable resources** to benefit people, communities, and the planet, we need to do so from a foundation of trust. This foundation is reinforced by our robust sustainability governance structure:

The Group's Regional Sustainable Councils (RSCs), in Europe, North America and South Africa, are responsible for establishing and implementing our on-the-ground sustainability strategy. Their work is overseen and reviewed by the Group Sustainability Development Council (GSDC). The GSDC **reviews key trends and developments** together with strategy and implementation and makes recommendations that are fed through to the Social, Ethics, Transformation and Sustainability (SETS) Committee and ultimately, to the Sappi Limited board of directors. The SETS Committee relies on international best practice as well as the laws and regulations under which Sappi's businesses operate to ensure that the group not only complies with, but also fully implements, all requirements. The committee addresses issues relating to **corporate social investment (CSI), ethical conduct, diversity, transformation** and empowerment initiatives and targets ongoing sustainability practices. The responsibilities include monitoring the company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice.



Enhancing trust

continued

The SETS Committee has an independent role with accountability to the board and comprises a majority of independent non-executive members, whose duties are delegated to them by the board in compliance with a board-approved terms of reference. The role of the SETS Committee, together with the Audit and Risk Committee, is to assist the board with the oversight of sustainability issues within the company and to provide guidance to management’s work in respect of its duties.

The chairman of the SETS Committee has served as the President of the International Union for the Conservation of Nature; Chairman of the UN Commission for Sustainable Development; Chairman of the World Wildlife Fund South Africa (WWF-SA) and currently serves as the deputy chair of the South African President’s Climate Change Commission.

Our sustainability

governance structure





EXPAND

Performance against our

global and regional targets

The United Nations Sustainable Development Goals (UN SDGs) inspire us all to strive for a better future, setting out a roadmap for where we collectively need to go and how to get there.

We have identified seven priority goals at global level – and a further two in South Africa – where we believe we can make the most impact and therefore concentrating our efforts.

Our performance against our global and regional targets is set out on the following pages.



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Reduce specific water use in water stressed locations by 23% ¹ (m³/adt)	44.5 m³/adt	43.0 m³/adt	48.6 m³/adt ^{LA}	

Key

Self-assessment of 2021 performance

Satisfactory performance

Progress to be made

Unsatisfactory performance



¹ This target currently applies to Sappi's mills in South Africa; Sappi's mills in North America and Europe are not located in water stressed locations.

Performance against our global and regional targets

continued



Global



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Increase share of renewable and clean energy by 8% points	51.6%	56.1%	53.9%	
Decrease specific total energy by 5%	22.1 GJ/adt	22.0 GJ/adt	22.1 GJ/adt	



SNA



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Increase share of renewable and clean energy by within 5% of baseline (79.1%) or higher	79.1%	>74.1%	76.7%	
Decrease specific total energy by 5%	25.7 GJ/adt	25.1 GJ/adt	23.1 GJ/adt	



SEU



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Increase share of renewable and clean energy by 11% points	39.3%	41.4%	42.6%	
Decrease specific total energy by 5%	15.6	15.2	15.4	



SSA



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Increase share of renewable and clean energy by 7% points	44.1%	50.1%	48.1%	
Decrease specific total energy by 9%	30.9 GJ/adt	30.0 GJ/adt	34.0 GJ/adt	



Performance against our global and regional targets

continued



Global



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Achieve zero workplace injuries (LTIFR) own employees and contractors	0.54	0.34	0.30	
Increase proportion of women in management roles by 3.7% points	19.3%	20.8%	22.5%	
80% share of procurement spend with declared compliance with Supplier Code of Conduct	0%	61%	74%	
Participation in Employee Engagement survey to be above 85%	90%	85%+	84%	
Percentage of staff engaged with our business $\geq 75\%$ ¹	NA	75%+	75.6%	
Return on capital employed to be 2% points above the weighted average cost of capital (WACC)	11.5%	16.4%	27.7%	



SEU



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Achieve zero workplace injuries (LTIFR) own employees and contractors	0.98	<0.63	0.55	
Increase proportion of women in management roles by 5.8 points	13.7%	15.8%	15%	
80% share of procurement spend with declared compliance with Supplier Code of Conduct	0%	70%	83%	
Participation in Employee Engagement survey to be above 85%	96%	>85%	81.3%	
Percentage of staff engaged with our business $\geq 75\%$	NA	>75%	74.4%	
Return on net operating assets to be 2% points above WACC	6.7%	-1.7%	29.1%	

¹ Note that this target has been revised across all regions, due to the fact that we appointed a new service provider in FY2021 to assess employee engagement and the framing of the questions is now different.

Performance against our global and regional targets

continued



SNA



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Achieve zero workplace injuries (LTIFR) own employees and contractors	0.30	0.24	0.18	
Increase proportion of women in management roles by 4% points	19%	20%	22%	
80% share of procurement spend with declared compliance with Supplier Code of Conduct	0	60%	72%	
Participation in Employee Engagement survey to be above 85%	68%	>85%	65.5%	
Percentage of staff engaged with our business ≥75%	NA	>75%	69%	
Return on net operating assets to be 2% points above WACC	2.4%	4.7%	28.1%	



SSA



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Achieve zero workplace injuries (LTIFR) own employees and contractors	0.45	0.27	0.26	
Increase proportion of women in management roles by 3.1% points	18.9%	20.1%	27.1%	
80% share of procurement spend with declared compliance with Supplier Code of Conduct	0%	40%	58%	
Participation in Employee Engagement survey to be above 85%	93%	85%+	95.5%	
Percentage of staff engaged with our business ≥75%	76%	75%+	79%	
Return on net operating assets to be 2% points above WACC	14.6%	10.4%	11.1%	



Performance against our global and regional targets

continued



Global



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Launch 25 products with defined sustainability benefits	0	5	3	
Reduce specific landfilled solid waste by 15% (kg/adt)	65.9 kg/adt	53.5	52.1 ^{LA}	



SNA



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Launch 5 products with defined sustainability benefits	0	2	1	
Reduce specific landfilled solid waste by 10%	76 kg/adt	73 kg/adt	69 kg/adt	



SEU



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Launch 15 products with defined sustainability benefits	0	2	2	
Reduce specific landfilled solid waste by 5% (kg/adt)	13.6 kg/adt	13.3 kg/adt	6.4 kg/adt	



SSA



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Launch 5 products with defined sustainability benefits	0	1	0	
Reduce specific landfilled solid waste by 24%	153 kg/adt	101.2 kg/adt	121.5 kg/adt	
Promote sustainable growth in our plantations >4 (Annual growth in million tons)	3.96	>4.0	4.14	

Performance against our global and regional targets

continued



Global



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Decrease specific GHG (Scope 1 + 2) emissions by 18%	883.4 kgCO ₂ e/adt	819.3 kgCO ₂ e/adt	798.7 kgCO ₂ e/adt ^{LA}	



SNA



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Decrease specific GHG (Scope 1 + 2) emissions by 5%	381.6 kgCO ₂ e/adt	374 kgCO ₂ e/adt	339 kgCO ₂ e/adt	



SEU



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Decrease specific GHG (Scope 1 + 2) emissions by 25%	699.4 kgCO ₂ e/adt	683.9 kgCO ₂ e/adt	570.9 kgCO ₂ e/adt	



SSA



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Decrease specific GHG (Scope 1 + 2) emissions by 20%	1708.5 kgCO ₂ e/adt	1494.3 kgCO ₂ e/adt	1765.5 kgCO ₂ e/adt	
Decrease specific purchased fossil energy by 21%	17.3 GJ/adt	14.9 GJ/adt	17.6 GJ/adt	



Performance against our global and regional targets

continued



Global



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Share of certified fibre >75%	75%	>75%	77% ^{LA}	



SEU



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Share of certified fibre >78%	78%	>78%	87%	



SNA



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Share of certified fibre >55%	55%	55%	59%	
% certified fibre – Chain of Custody (CoC) Purchased Pulp	100	100	100	
% share of certified fibre – wood + chips only	46	>47	51	



SSA



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Share of certified fibre >82%	82%	>82%	85%	
Enhance biodiversity in conservation areas by 10%	0	Implement action plans	Action plans completed and implementation started	

Performance against our global and regional targets

continued



Additional priority SDGs in SSA



Thrive25 target	2019 base	2022 target	2022 performance	Assessment of performance
Advance broad-based black economic empowerment (BBBEE) to level 1	Level 2	Level 1	Level 1	



RISE

Messages from our leaders



Dear stakeholders

Just as the world began emerging from the ravages of Covid-19, so it was battered by more blows in the form the Russia-Ukraine war which impacted both energy and food security. The situation was compounded by extreme weather events which impacted countries around the world. In South Africa, where Sappi is headquartered, in April 2022, days of heavy rain across KwaZulu-Natal in the south-east of the country led to deadly floods.

These developments widened the fault lines of poverty and unemployment, particularly in developing countries like South Africa.

Poorer communities here and across the world are shouldering an equal burden of risk and impact flowing from events which are generally outside their control.

Against this backdrop, the need to collaborate in progressing the United Nations Sustainable Development Goals (UN SDGs) is more important than ever before.

The current global situation has highlighted the interconnected nature of the SDGs. For example, SDG1: No Poverty is strongly linked to SDG13: Climate Action and SDG15: Life on Land. As the World Economic Forum has pointed out, approximately US\$44 trillion of economic value generation – over half the world's total GDP – is moderately or highly dependent on nature and ecosystem services.

This has particular relevance for Sappi, given that we are a natural resource company dependent on healthy, resilient ecosystems.

Accordingly, the validation of our science-based targets by the Science Based Targets Initiative (SBTi) this year was an important milestone on our sustainability journey. So too, was the Sustainable Financing Framework, our first financing facility with sustainability linked key performance indicators (KPIs). Another important milestone was our membership of the World Business Council on Sustainable Development (WBCSD). In addition, in view of our long-standing support for the United Nations Global Compact (UNGC), we signed up for the Early Adopter Programme, highlighting our commitment to transparency and collaboration.

The importance of partnerships in achieving the priority SDGs resonates across our business – from working with suppliers to help progress their own science-based targets (one of our commitments to the SBTi), to our work to support and empower communities. In addition, our scientists and research centres continue their collaborative efforts to offer our customers more sustainable solutions, to promote the responsible management of natural resources and to leverage artificial intelligence.

I am pleased with how Sappi is embracing the challenge of integrating the SDGs into everyday business activities, underpinned by the [targets](#) under the group's priority SDGs. These targets have established clear pathway for action and reporting transparently on a quarterly basis

enhances transparency and allows us to modify our response very quickly where necessary.

Our actions in FY2022, as detailed throughout this report, highlight the fact we focus not just on enterprise value, but value for all our stakeholders and the Planet.

All actions aligned with our vision of a thriving world.

Valli Moosa

Chairman

Social, Ethics, Transformation and Sustainability (SETS) Committee



Messages from our leaders

continued



Dear stakeholders

Our purpose is to build a thriving world by unlocking the power of renewable resources (woodfibre) to benefit people, communities and the planet. This means creating enterprise value is not an end in itself, but rather a means to achieving our purpose. In FY2022, I am very pleased to report that, as indicated in the theme of this report, we amplified our response to value creation in every aspect of our business.

The group delivered significant enterprise value, recording EBITDA excluding special items of US\$1,339 million, well above the previous record set in FY2000 (US\$1,052 million). This outstanding performance was particularly noteworthy within the context of a challenging macro-economic environment. Significant headwinds included extreme weather-related events, lingering Covid-19 pandemic effects in China as well as extraordinary global inflation, which was triggered by geopolitical turmoil and ongoing global supply-chain disruptions. Amid this volatility, we demonstrated resilience and remained committed to our Thrive25 strategy.

While I am very proud of this achievement, safety is our foremost value. As such I am even prouder of our steadily improving safety performance and of the fact that for the second consecutive year, there were no fatalities. The seriousness with which we take safety is highlighted by the fact we have now expanded management incentives to include the LTIFR and the lost time injury severity for contractors in addition to own employees.

I am also proud of the actions we have taken to embed the UN SDGs into all aspects of our business.

We continued to take bold steps in responding to natural resource constraints by seeking responsible alternatives to non-renewables and solutions that are truly sustainable from seed to final product, monitoring and controlling our use of energy, water and other raw materials very strictly.

Challenges the world is currently grappling with include climate change and biodiversity loss. We amplified our response to climate change through the validation of our science-based targets by the SBTi. Far-reaching decarbonisation plans are already under way in each region and we are also motivating our suppliers to adopt their own science-based targets. We welcome global efforts to put nature and biodiversity more firmly in the spotlight and in particular the efforts of the 15th UN Biodiversity Conference (COP15) taking place shortly after year end.

One of the ways in which we drive value creation is through research and development (R&D) to realise our ambitious but achievable strategy of extracting more value from each tree. Our R&D is supported by technology centres in each region which cover every aspect of the value chain. Another way is through innovation – not just in terms of the products and services we offer our customers, but also optimising our production processes, maximising existing capacity and constantly improving our best overall machine efficiency levels.

Innovation also underpins the learning and development opportunities we offer our people, our global community projects and our enterprise and supplier development (ESD) initiatives in South Africa. In terms of communities, we prioritise projects align to our UN-SDG commitments; those that support education, entrepreneurship and environment, as well as health and welfare, while working to break the cycle of poverty through stable, safe employment.

The landscape around us is changing rapidly. Stakeholders' needs and expectations are constantly evolving. I am confident that by amplifying value creation as we have done in FY2022, we will continue to anticipate and meet these expectations as we accelerate and advance meaningful change.

Going forward, we will continue, as OneSappi, our efforts to build a thriving world by unlocking the power of renewable resources to benefit people, communities and the planet.

Steve Binnie

Chief Executive Officer
Sappi Limited



SURGE

Our key relationships

Highlights in FY2022

- Signed up for the **UNGC Early Adopter Programme**
- Worked with a consortium of banks to develop the **Sustainable Financing Framework**, our first financing facility with sustainability linked KPIs
- Became a member of the **World Business Council on Sustainable Development (WBCSD)**
- **Higher levels of involvement in thought initiatives** such as the World Resources Institute's GHG Protocol Carbon Removals and Land Sector Initiative Project which benefit the forestry industry as a whole
- **Opening of the Saiccor Mill capacity expansion and environmental upgrade project by South African President Cyril Ramaphosa**, marking the fulfilment of Sappi's commitment made at the first South Africa Investment Conference in 2018



Our overarching aim is to partner proactively with our stakeholders as we unlock the power of trees and their limitless potential to offer sustainable solutions that benefit people and the planet, thereby realising our vision of a thriving world.

Doing so requires bold, decisive action. Together with our stakeholders, we're thinking and acting more boldly than ever before to come up with real-world solutions to a broad range of challenges.

We establish and maintain proactive dialogue with all our stakeholders. In doing so we recognise that stakeholder needs are dynamic and that we need to challenge the status quo and be responsive to an evolving stakeholder landscape. In addition to responsiveness, our approach to engagement is based on the principles of inclusivity, materiality, relevance and completeness.

In determining those issues most material to our stakeholders we assess not just enterprise value, but also the impact of our activities on people and the planet inform our approach.

We assess the quality of our relationships both informally, as set out on the following pages, and formally – through regular employee and customer surveys, community forums and Greenlight Movement community surveys in South Africa.

Our stakeholder work is aligned to the governance framework of King IV, namely performance and value creation, adequate and effective controls and trust, as well as reputation, legitimacy and ethics.

One of the strategic fundamentals of our Thrive25 strategy is to enhance trust. Achieving this is not possible without an ethical culture underpinning our everyday activities, which is why we train our employees, customers and suppliers on our Code of Ethics and also promote awareness of the Sappi Hotlines in each region which allow all stakeholders to report breaches of the Code in full confidentiality without fear of reprisal.

We regularly review our activities with regard to the Organisation for Economic Co-operation and Development (OECD) Anti-Bribery Convention and the Convention's 2009 Anti-Bribery

Recommendation, particularly Section VII of the OECD Guidelines for Multinational Enterprises dealing with Combating Bribery, Bribe Solicitation and Extortion. No issues have been raised regarding Sappi with regards to compliance with the Convention and Guidelines either externally or internally.

Our stakeholder engagement is also guided by our membership of and commitment to the UNGC as well as our work on the UN SDGs, in particular the SDGs which we have prioritised.



Read more: [*Maintaining ethical behaviour and compliance*](#)



UNGC Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Employees

Unions

Customers and partners

Communities and neighbours

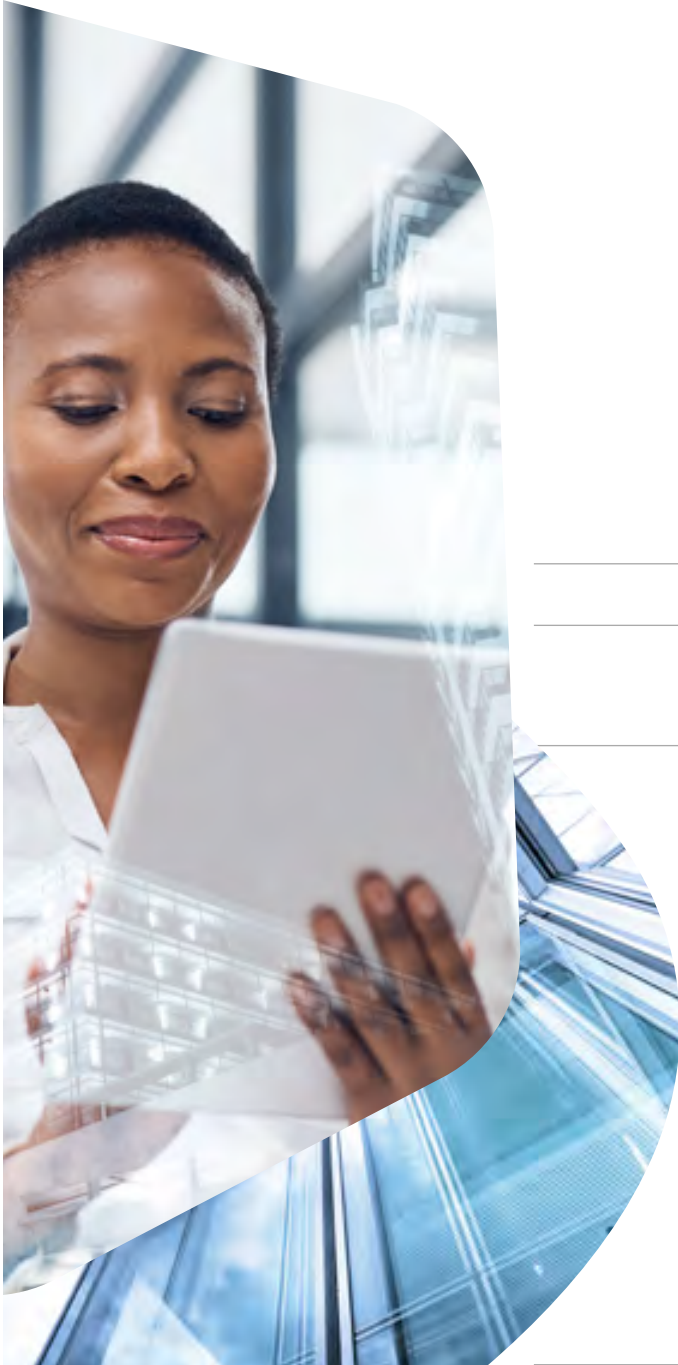
Industry bodies, related memberships and organised business

Shareholders, bondholders and banks

Government and regulatory bodies

Suppliers and contractors

Civil society and media



Employees



SELF-ASSESSMENT OF QUALITY OF RELATIONSHIPS:
Good

Why we engage

As we take Sappi into the future based on the clear roadmap entrenched in our **Thrive25 strategy**, our task is to help our people understand the plan and clear their path to success. Our aim is to unlock the wide-ranging, significant expertise of our people today and tomorrow. In doing so, we secure our exciting future in woodfibre as a business that provides relevant solutions, delivers enhanced value and is a trusted partner to all our stakeholders.

SHARED PRIORITIES	OUR RESPONSE
Constructive action with regard to Covid-19	We implemented a staggered return to our sites as restrictions eased. Covid-19 information hubs continued to support our staff, customers and their families, focusing specifically on vaccination-related topics.
Involvement in safety	<ul style="list-style-type: none">The commitment to safety is entrenched in our company value statement.For the third year running, the theme for Global Safety Awareness week was 'I Value Life'. The key messages were:<ul style="list-style-type: none">I value lifeI am aware of my environment and potential hazards in it (situational awareness)Understanding hazards and risksInvolving our people in health and safety is part of our collaborative approach to doing business. Health and safety committees are in place at all our operations. Through these committees, our people are consulted about the development/review of policies and procedures and changes that affect workplace safety or health.<ul style="list-style-type: none">In SEU, formal health and safety committees are in place at different levels of the business in line with statutory requirements. All employees are represented by the safety committees.In SNA, all unions can participate in joint management worker safety committees.In SSA, (including Sappi Limited), health and safety representatives are elected from non-supervisory staff. In line with legislation, there is one representative for every 50 workers.Sappi Trading does not have formal joint management/worker health and safety committees due to the small size of the offices, but there are appointed safety officers.

 **Learn more** about safety: [*Ensuring the safety of our employees and contractors*](#)



Employees *continued*

SHARED PRIORITIES	OUR RESPONSE
Focused wellness and wellbeing	<ul style="list-style-type: none">Wellbeing and wellness programmes are tailored to the needs of each region.In SSA, our HIV/Aids programme provides support for employees and contractors. In this region, we also work with government in terms of community health programmes.
Effective recognition programmes	<p>Our recognition programmes include:</p> <p>Sappi Limited</p> <ul style="list-style-type: none">Technical Innovation AwardsCEO Thrive Award <p>SEU</p> <ul style="list-style-type: none">Annual Coryphaena AwardLong-service awards <p>SNA</p> <ul style="list-style-type: none">TOUTS Recognition Awards – a peer-to-peer recognition programme whereby employees can nominate each other in various categories (team player; outstanding performance; unique involvement in community affairs; taking risk and practising ingenuity; safety and sustainability)Periodic regional President’s AwardsLong-service recognition <p>SSA</p> <ul style="list-style-type: none">Excellence in Achievement AwardsAnnual safety awardsCEO awardLong-service awards <p>Sappi Trading</p> <ul style="list-style-type: none">SMART Awards

Employees *continued*



Connection with Sappi’s strategic goals and high levels of engagement

SHARED PRIORITIES

OUR RESPONSE

Group and regional CEOs engage with staff regarding company performance at the end of each quarter.

Targeted communication programmes are launched for any major development supporting the strategic goals (project launches, M&A activities etc).

In **SEU** regular videos from the CEO are shared with staff.

Quarterly staff updates are undertaken by the **SNA** leadership team.

In **SSA** the *Ask Alex* initiative continues whereby employees can pose questions to the CEO.

We conduct engagement surveys every second year, with the most recent one in 2021. Results are communicated to staff and workshopped with individual teams. A central action tracker facilitates updates on action items identified in each region in the last survey. A summary of themes and progress is provided to senior leadership at least twice annually.

📖 Learn more: [Engaging more closely with our employees](#)

Employees *continued*

SHARED PRIORITIES

OUR RESPONSE

Training and development that benefits Sappi and our employees

Globally, on average, each employee benefitted from 46.89 hours of training (FY2021: 48.3 hours).

- Sappi Learning, a Cornerstone-based system, is a training and development tool offering new ways of engaging employees in personal development planning, with access to a whole library of online training content, including Udemy training modules.
- We have relaunched our learning, talent and performance tools under the Sappi Advance brand name with a comprehensive communication campaign reminding employees of the options for personal development we offer. Already available in English, a fully translated version is being prepared by SEU for FY2023. SNA ensures that the programme is also available in Canadian French for our Matane Mill employees.

SEU

- The Leadership Talent Strategy and Sappi Leadership Academy develop a leadership pipeline.
- The Apprenticeship Programme and Graduate Trainee Programme sources talent.

SNA

- Education programmes are supported at targeted colleges and universities as are programmes to encourage study in fields relevant to our operations, including scholarship programmes and internships.
- We support the University of Minnesota Sustainable Forests Education Cooperative which offers continuing education opportunities to forestry and natural resource professionals in a broad range of fields.

SSA

- Sappi Lead* prepares future leaders.
- Apprenticeships, engineers in training and foresters in training programmes build our human capital for the future.
- The Lean & Me programme which involves basic leadership practices primarily targeted at supervisors and foremen in the manufacturing business, continues to gain traction across all mill sites.
- The National Employment Equity and Learning Committee ensures that we meet our legislative obligation to consult and attempt to reach agreement, as placed on us by the Employment Equity Act 55 of 1998 (Employment Equity Act) and Skills Development Act 97 of 1998. The committee, which meets at least twice a year, has been reconfigured to include representation from the semi-skilled and unskilled categories of employees.
- We offer bursaries in a variety of fields related to our business.
- We offer a number of internships each year to support key business functions including IT, communications, HR and manufacturing operations.

In the light of an ageing workforce within our industry, particularly in North America, our employees in each region have been visiting schools and becoming involved in initiatives which promote career paths within forestry and the pulp and paper industry.

Employees *continued*

Encourage employee volunteerism through initiatives

Understanding of Sappi's commitment to sustainability which underpins our strategy

SHARED PRIORITIES

OUR RESPONSE

In FY2022, in addition to a corporate donation of US\$100,000 to support humanitarian relief in Ukraine including through UN Crisis Relief, Sappi matched employee donations to the value of US\$25,000 made to organisations including the International Committee of the Red Cross, Save The Children and Doctors without Borders.

SEU

- Support of various local education, cultural and environmental projects based on annual requests and identified needs.
- Additionally, **SEU** focused their efforts on Poland where hundreds of thousands of Ukrainians have found sanctuary. From collecting essential goods and supplies to making healthy meals, Sappi people in the Krakow Shared Service Centre are doing their part to provide relief and support.

SNA

Through the Employee Ideas that Matter initiative we provide grants to employees to benefit the non-profit organisations about which they are most passionate. The winners share US\$25,000 in corporate giving to support their selected causes. For 2022 the amount was increased to US\$50,000.

SSA

- Employee wellbeing committees at each mill support local community projects as well as Mandela Day volunteering initiatives.
- Following extensive floods in KwaZulu-Natal province earlier this year, we launched an employee donation drive, collecting over ZAR125,000 each for the Angel Network and Robin Hood Foundation. In addition, Sappi donated ZAR1 million to the Gift of the Givers organisation.

Globally, targeted internal publications and social media campaigns linked to days like Global Ethics Day, World Environment Day¹ and the International Day of Biodiversity² enhance understanding of the sustainability landscape and our role in promoting responsible biodiversity initiatives.

SEU's Blue Couch series features a series of interviews with speakers from the paper industry who provide insights about new products, innovations and sustainability.

SNA runs an active Sustainability Ambassador programme which promotes understanding and awareness of sustainability-related issues.

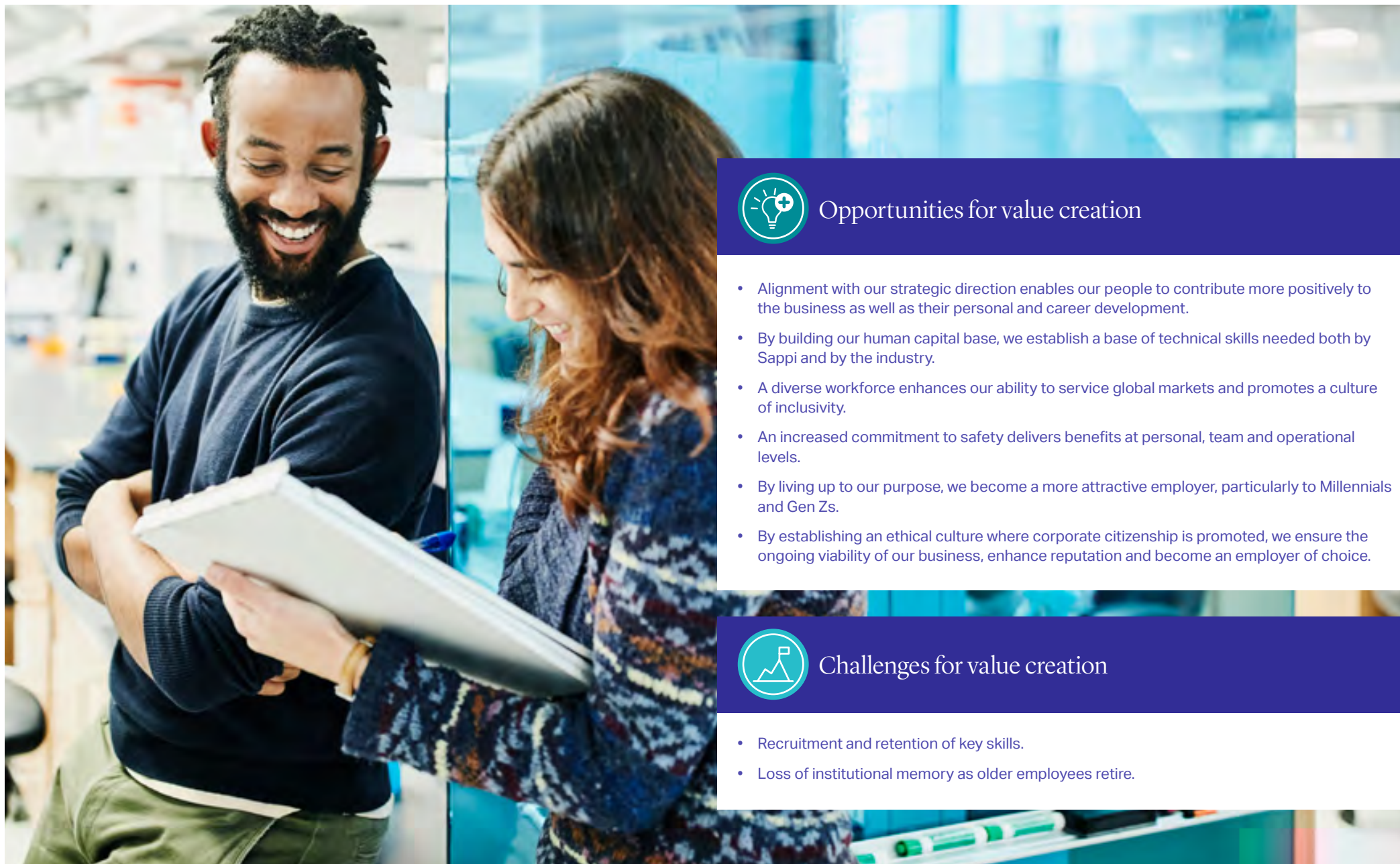
All regions undertake internal sustainability communication campaigns linked to our priority SDGs.



¹ <https://www.linkedin.com/company/sappi/videos/native/urn:li:ugcPost:6939487203391602688/>



² <https://www.linkedin.com/company/sappi/videos/native/urn:li:ugcPost:6934024075312783362/>



Opportunities for value creation

- Alignment with our strategic direction enables our people to contribute more positively to the business as well as their personal and career development.
- By building our human capital base, we establish a base of technical skills needed both by Sappi and by the industry.
- A diverse workforce enhances our ability to service global markets and promotes a culture of inclusivity.
- An increased commitment to safety delivers benefits at personal, team and operational levels.
- By living up to our purpose, we become a more attractive employer, particularly to Millennials and Gen Zs.
- By establishing an ethical culture where corporate citizenship is promoted, we ensure the ongoing viability of our business, enhance reputation and become an employer of choice.



Challenges for value creation

- Recruitment and retention of key skills.
- Loss of institutional memory as older employees retire.

Unions



SELF-ASSESSMENT OF QUALITY OF RELATIONSHIPS: Fair

Why we engage

In 2022, globally, 55% of our workforce was unionised, with 71% belonging to a bargaining unit. A workplace where people feel they have been heard and in which they can **make a meaningful contribution** promotes productivity and stability. Accordingly, it makes sound business sense to **maintain constructive relationships with our employees and their representatives**. We do so in a spirit of mutual respect and understanding.



SHARED PRIORITIES	OUR RESPONSE
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Freedom of association, collective bargaining and disciplined behaviour

Sappi endorses the principles of fair labour practice as entrenched in the **UNGC and Universal Declaration of Human Rights**. At a minimum, we conform to and often exceed labour legislation requirements in countries in which we operate. Protecting the right to freedom of association and collective bargaining is fundamental to the way we do business. We engage extensively with representative trade unions. Discussions range from remuneration issues, to training and development, health and safety and organisational changes.

Given the complex labour situation in South Africa, we have established several structures to enhance ongoing positive engagement with union leadership. This is facilitated by structures such as the **National Partnership Forum** which includes senior members of management and senior union leaders who hold regular meeting where business, safety and union challenges are discussed.

Disciplined behaviour is essential for individual wellbeing, and to achieve our group goals and objectives. In each region, disciplinary codes ensure appropriate procedures are applied consistently, while grievance policies entrench the rights of employees, including the right to raise a grievance without fear of victimisation, right to seek guidance and assistance from a member of the human resources department or their representative at any time and the right to appeal to a higher authority, without prejudice.

Learn more: [Supporting sound labour relations](#)

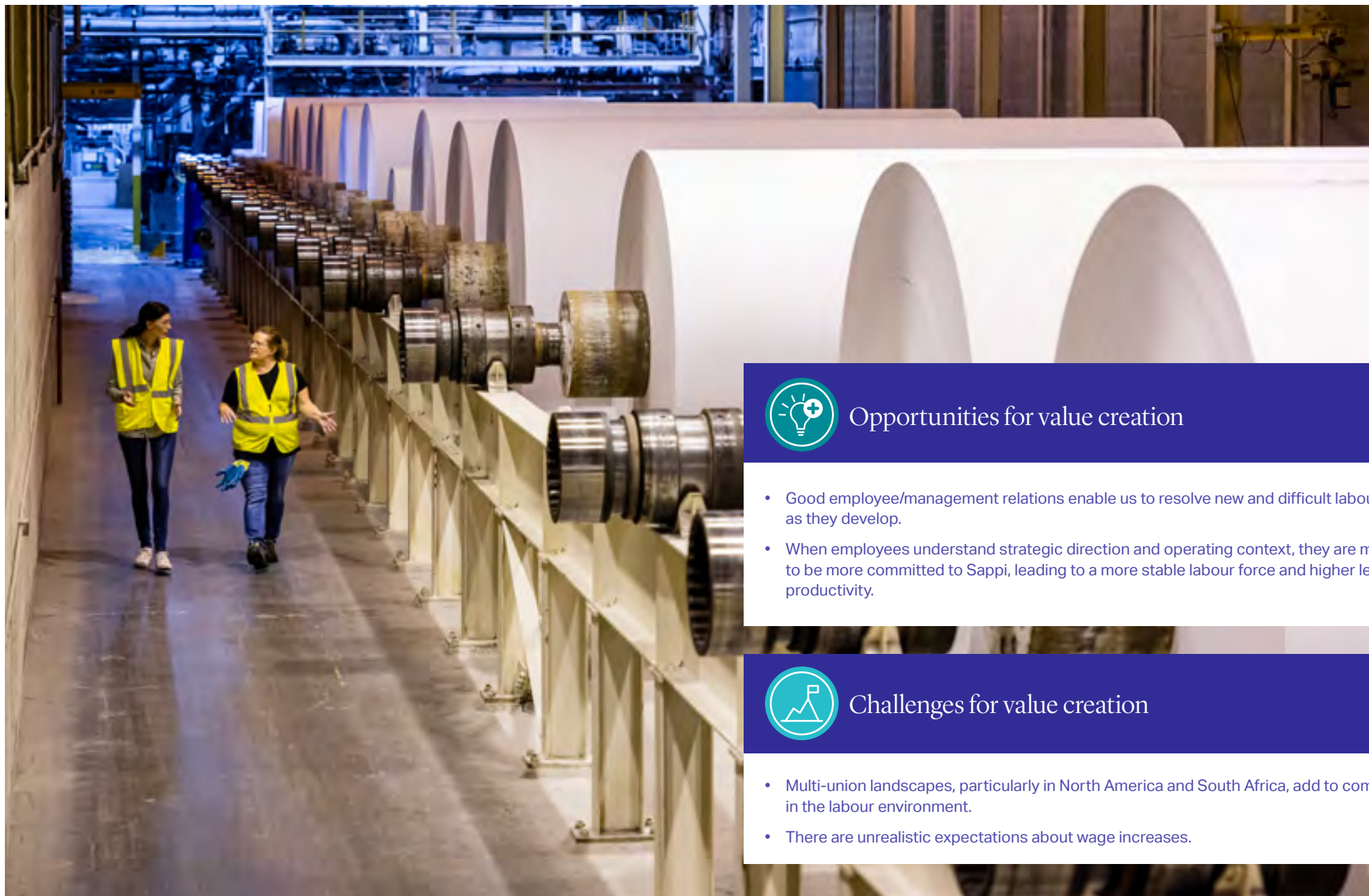


UNGC Principle 3:
Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining.

Unions *continued*

SHARED PRIORITIES	OUR RESPONSE
Safety and wellness initiatives	<p>The health and safety committees at all our operations provide a forum for consultation about the development/review of policies and procedures and changes that affect workplace safety or health. Wellness programmes include fitness and medical screening programmes, as well as psychological and financial support.</p>
Remuneration, working hours and other conditions of service	<p>Our labour standards ensure that our remuneration practices are fair, with compensation levels set to reflect competitive market practices and internal equity as well as company and individual performance. In rural areas, forest products companies like Sappi are often the only, or major, employers which makes the local population very dependent on the company and which could, in turn, lead to exploitative behaviour and an indirect form of forced labour. Against this backdrop, in all three regions, labour is sourced on the open market. We pay market-related wages in line with or above local legislation and ensure that working hours are fair.</p>
Resolving grievances, engaging on strategy	<div><div></div><div><p>UNGC Principle 4: The elimination of all forms of forced and compulsory labour.</p><ul style="list-style-type: none">Well-established grievance channels, disciplinary procedures and whistleblower protocols provide a non-retributory frameworkWe regularly engage with unions on economic conditions, market dynamics and growth plans</div></div>





Opportunities for value creation

- Good employee/management relations enable us to resolve new and difficult labour issues as they develop.
- When employees understand strategic direction and operating context, they are more likely to be more committed to Sappi, leading to a more stable labour force and higher levels of productivity.



Challenges for value creation

- Multi-union landscapes, particularly in North America and South Africa, add to complexities in the labour environment.
- There are unrealistic expectations about wage increases.



Customers and partners



SELF-ASSESSMENT OF QUALITY OF RELATIONSHIPS: Excellent

Why we engage

The more closely we engage and collaborate with our customers, the more likely we are to **understand and respond to their evolving needs** by offering relevant solutions in the form of sustainable and practical products and services. This partnership approach builds the loyalty and long-term relationships that enable us to thrive.

Through our continued focus on innovating paper and packaging solutions, we remain committed to partnerships with customers who are increasingly focused on the social and environmental credentials of our products. Survey after survey confirms that consumers want to be greener in their purchasing decisions. We are committed to embracing the **circular economy** using sustainable materials based on certified wood and replacing fossil-based chemistry and to working on new technologies that support transformation in Sappi and across our value chain partners to reduce CO₂ emissions and contribute to the UN SDGs.

Traceable and transparent supply-chains are key to providing brand owners and consumers with the assurance and confidence that the woodfibre used for the wood-based products they buy originates verifiably from responsibly managed forests, is delivered through supply-chains which do not cause deforestation, where biodiversity is enhanced and the customary, traditional and civil rights of people upheld. Against this backdrop, we are working across various forums to share our experience and knowledge on sustainable, transparent supply-chains with our customers.

SHARED PRIORITIES	OUR RESPONSE
New or enhanced products that meet rapidly changing market demand	<p>Consumers have become increasingly aware of social and environmental issues and our customers are looking to us for help in this regard. Against this backdrop, our Innovation and Sustainability department enables us to put sustainability at the heart of everything we produce, enhances our understanding of our customers' current and future needs and means we can meet and anticipate those needs.</p> <p>Where relevant, we will collaborate with partners and/or conduct R&D and develop products to suit customers' specific needs.</p>

 **Learn more:** [Responding to evolving customer needs through innovation and collaboration.](#)

Customers and partners

continued

Comments on the Textile Exchange Learning visit

“So enlightening and eye opening! I felt a powerful sense of connectivity... to how we can all better partner and understand the constraints and opportunities to make progress on our shared goals. What a lovely group of people and talent your organisation has attracted and retained. Truly impressive.”
Textile Exchange Executive

“It gave a wonderful insight into the production process of dissolving pulp and the complex context in which you operate. It was great to see everybody’s expertise and passion for their work.”
Biodiversity consultant

“Wish I had had this insight years ago. So excited to share with our buying teams. The Sappi family were so welcoming and it is obvious how passionate they are about what they do - the level of experience is inspiring.”
Retail Sustainability Manager

SHARED PRIORITIES

OUR RESPONSE

Information and initiatives to encourage the use of our paper and packaging solutions and promote Verve’s environmental credentials



The Sappi stand at Fach Pack 2022

- We participated in the Challenge the Fabric summit in Paris, held by the Ekman Group and the Swedish Fashion Council.
- We also participated in several tradeshows including:
 - AWA Global Release Liner Industry Conference & Exhibition 2022 where we had a small stand and gave a presentation
 - FachPack in Germany where we displayed samples of packaging for food products and non-food applications; new products in label papers, flexible packaging papers, containerboard and paperboard; new packaging solutions, made with our barrier papers
 - LuxePack in Monaco where we showcased our high-quality paperboard product Algo Design and our new, Fusion Nature Plus virgin fibre liner
 - PCD Paris which showcases perfume, cosmetics and premium drinks packaging
- Shortly after year end we participated in LuxePack Monaco and PRINTING United in Las Vegas.
- In July 2022, we hosted Textile Exchange executives, together with retail representatives and conservation consultants on a learning journey to our operations in KwaZulu-Natal. TE’s 700 international members who represent leading brands, retailer, and suppliers, provide a collective driving force for urgent climate action by benchmarking the industry and providing actionable tools for improvement. Their goal is to guide the textile industry to achieve a 45% reduction in GHG emissions within fibre and raw material production. After visiting the Sappi WWF uMkhomazi Water Stewardship project, delegates spent time at the Sappi Forests Shaw Research Centre, seeing how the optimal woodfibre is developed for the production of dissolving pulp that goes into textiles like viscose and lyocell and learning about the forestry value chain.

Information about the fibre sourcing and production processes behind our brands

- Customers generally approach us for information about the fibre sourcing and production processes behind our brands, including carbon footprint. In response to these requests, in all regions we publish Paper Profiles and information sheets for our papers. We also respond to many questionnaires from our customers that collect data on our CO₂ reduction plans and performance. In **SNA**, we hold Customer Council meetings and have developed our own eQ GHG emissions calculator that quantifies the emissions associated with a customer order and how those emissions compare against the industry average.
- At the request of our customers, in all three regions, we participate in EcoVadis and hold a platinum rating for all three regions.
- We also publish frequently asked questions covering topics like climate change, as well as forests, energy and certification.

Customers and partners

continued



SHARED PRIORITIES OUR RESPONSE

Technical information  Globally, a series of technical brochures is available on our website www.sappi.com



SEU

- The Sappi&You online knowledge platform for graphic paper.
- The PSP site to provide targeted information on packaging and speciality papers.

SNA

- The POP site is aimed at marketers, creatives, designers and printers looking to innovate in their categories. As an example, our booklet published on the site, 'True or False?' puts the same project side by side on coated paper and uncoated paper to make it easier for our customers to make a decision.
- Sappi etc is an educational platform for designers and printers offering information on a wide range of topics including paper basics, advanced print and design techniques and special effects.

SSA

- Our paper and paper pulp product offerings are supported by strong technical teams at each mill and the technology centre in Pretoria. External testing services offered include water and wastewater testing; wood, pulp and liquors testing, microscopy, together with paper and box testing which can be used to conduct a wide range of ISO and Technical Association of the Pulp and Paper Industry (TAPPI) paper and paperboard tests. Specialised services applicable to the pulp, paper and related industries can be tailored around customer requirements.

Customers and partners *continued*



Co-creating

digital solutions

To stay abreast of our customers' evolving needs, **SNA** partnered with the Rochester Institute of Technology (RIT) in New York to co-create next-generation digital solutions that add value both to our customers' business and ours.

Researchers in the newly launched Sappi-RIT Digital Innovation Lab will study the role of digital business solutions and the user experience in the pulp and paper industry. The lab is situated in the School of Interactive Games and Media within RIT's Golisano College of Computing and Information Sciences. The faculty is dedicated to advancing the fields of computing and information sciences through creativity and innovation.

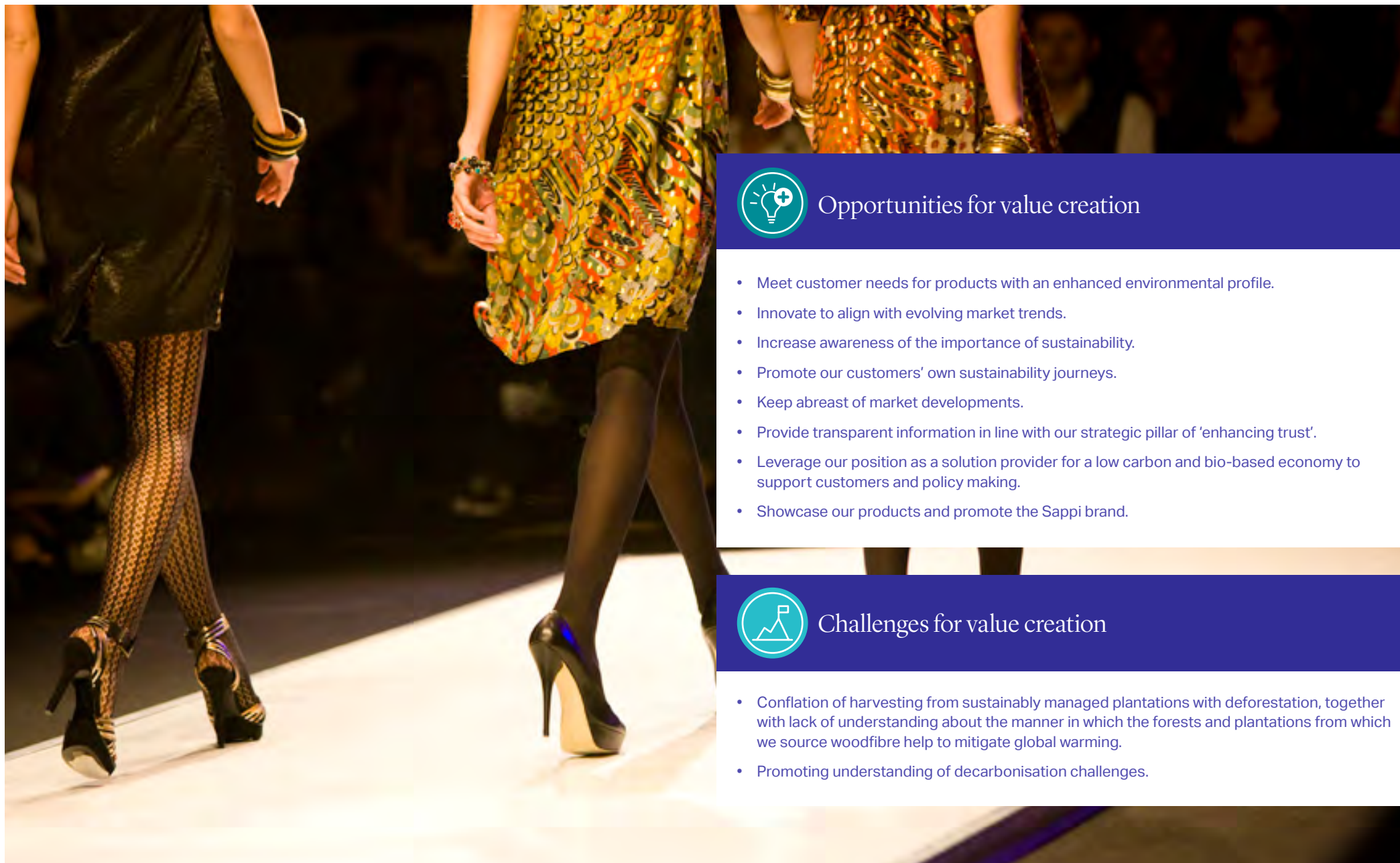
Sappi generates and captures considerable amounts of data, from our supply-chain right through to customer behaviour.

The collaboration with RIT is designed to unlock business insights and value from the data. Initially, the team will focus on leveraging the data to unlock a deeper understanding of our customers.

The lab is part of a wider innovation and efficiency drive within Sappi to accelerate the transition to a bio-based, circular economy, reducing waste and maximizing resources to achieve both our business and sustainability goals.

unlock business insights
and **value**
from the data





Opportunities for value creation

- Meet customer needs for products with an enhanced environmental profile.
- Innovate to align with evolving market trends.
- Increase awareness of the importance of sustainability.
- Promote our customers' own sustainability journeys.
- Keep abreast of market developments.
- Provide transparent information in line with our strategic pillar of 'enhancing trust'.
- Leverage our position as a solution provider for a low carbon and bio-based economy to support customers and policy making.
- Showcase our products and promote the Sappi brand.



Challenges for value creation

- Conflation of harvesting from sustainably managed plantations with deforestation, together with lack of understanding about the manner in which the forests and plantations from which we source woodfibre help to mitigate global warming.
- Promoting understanding of decarbonisation challenges.



Communities and neighbours



SELF-ASSESSMENT OF QUALITY OF RELATIONSHIPS: Fair to good

Why we engage

Recognising that we are **part of the communities** beyond our fence lines and that their prosperity and wellbeing are linked to our own, we strive to make a purpose-driven, meaningful contribution towards the wellbeing and development of our neighbouring communities. We work to create positive social impact by jointly identifying and leveraging opportunities, thereby demonstrating our commitment to transparency and collaboration.

Community engagement meetings take various formats in our mills in the regions where they are situated. These range from broad liaison forums for business, local government and communities to legally mandated environmental forums that form part of the licensing conditions of mills. In South Africa, there are local farmer and community forums related to our forestry communities.

In South Africa, **Integrated Community Fora** comprising Sappi employees and community members have helped to enhance our relationships with communities. However, social unrest in the country continues to be an issue – the result of a disaffected population impacted by lack of service delivery and job opportunities. In some instances, this negatively impacts our reputation and relationships with communities, many of whom look to us to take on government’s role.

SHARED PRIORITIES	OUR RESPONSE
Community support including employment, job creation, business opportunities, economic and social impacts/contributions and community support	<p>SEU</p> <ul style="list-style-type: none">Employees are encouraged to nominate and participate in local community projects and events.At a local community level our focus is to add to the wellbeing, safety and health of our communities. We support various local schools, sports and hobby clubs, forest products industry students, local safety and environmental organisations and local charities.Sappi Europe donated €10,000 as part of the Sappi Global Safety Awareness week activities linked to our 'I Value Life' principle to ASPIRE Education Hub in Krakow. This charity focuses on the long-term wellbeing and education of Ukrainian teenagers displaced by the war. Teens can access remote learning facilities to connect with their Ukrainian schools as well as new learning opportunities in technology and the arts.

Communities and neighbours

continued



EXCELLENCE IN

Community Service in the 2022 Communitas Awards

The Ideas that Matter initiative was the winner in Excellence in Community Service in the 2022 Communitas Awards which recognise organisations, companies and individuals for their outstanding engagements to bring about change to social and environmental issues affecting communities across the globe.



Community support including employment, job creation, business opportunities, economic and social impacts/contributions and community support
continued

SHARED PRIORITIES

OUR RESPONSE

SNA

- Each site has a group focusing on community connections to channel local support.
- Education programmes are supported at targeted colleges and universities as are programmes to encourage study in fields relevant to our operations.
- We provide financial support to several non-profit conservation organisations to support regional biologist positions, landowner and community outreach activities, advocacy efforts, etc. Examples include funding and in-kind support for elementary and secondary school field days, community forestry workshops, landowner outreach projects in cooperation with state agencies and industry associations, billboards promoting Sappi's private lands forestry programme and private landowner management assistance.
- The Ideas that Matter programme continues to recognise and support designers who support good causes. Since 1999 the programme has funded over 500 non-profit projects and has contributed more than US\$14 million to a wide range of causes around the world that use design as a positive force in society. The programme was relaunched in FY2022 to align more closely with the UN SDGs, thereby encouraging applicants to use design to address local challenges. Grants in FY2022 ranged from support for child literacy, immigration and maternity care to rainforest preservation, anti-poverty programs and resources for women of colour.
- The Employee Ideas that Matter programme provides direct funding to the non-profit organisations about which our employees are most passionate.

SSA

- Following extensive floods in KwaZulu-Natal province earlier this year Sappi donated ZAR1 million to the Gift of the Givers organisation for relief efforts. This was supplemented by an additional R300,000 to GotG from Cellmark (our lignin trading partner).
- Community support has been bolstered by the creation of a dedicated multi-disciplinary team comprising of the ESD team, the Human Resources team and the Corporate Citizenship team. This structure, in at each mill site, is referred to as the Community Management Committee (CMC). The purpose of this CMC is to identify shared value opportunities which help identify and support local entrepreneurs as well as to promote the sourcing of goods and services from local suppliers where possible. The CMC also reports on the employment of local people and ensures investment in communities addresses specific needs. The CMC collaborates with government, non-governmental organisations (NGOs) and the private sector for scale.

Communities and neighbours

continued



Community support including employment, job creation, business opportunities, economic and social impacts/contributions and community support
continued

SHARED PRIORITIES

OUR RESPONSE

SSA

- Given South Africa's significant development needs, the bulk of community support is allocated to this region in areas like education, environment and socio-economic development. The latter is based on helping communities help themselves.
- Our focused ESD department aligns with this approach by working to incorporate small and medium enterprises (SMEs) into the mainstream economy.
- Other Initiatives include:
 - Sappi Khulisa, our enterprise development scheme for emerging timber farmers. We also support a honey beekeeping programme in our Khulisa communities.
 - The Abashintshi Youth programme which mobilises youth to create open channels of communication between communities and Sappi and trains them to mobilise their communities to develop themselves in line with the ABCD model (asset-based community development).
 - Education throughout the education value chain, including early childhood development (ECD); and skills centres at Saiccor and the Ngodwana Mills train both Sappi employees and unemployed youth. In addition, Khulisa Ulwazi, our training centres for small growers are targeted at all forestry value chain participants, including land reform beneficiaries and Sappi Khulisa growers.
 - Support for local tourism through our mountain biking and trail running sponsorships and promoting recreational riding on Sappi land.
 - Support for Sappi forestry community schools based on requests and needs-analyses. Projects include fresh water, ablution facilities, fencing, buildings and structures and vegetable gardens.

📖 Learn more about our ESD work: [Creating a positive social impact with communities](#)



Opportunities for value creation

- Enhanced licence to operate and thrive.
- Promoting socio-economic development which could, in the long term, lead to increased demand for our products.
- Creation of shared value, positive social impact and promotion of inclusivity.
- Closer alignment with authorities' local development plans.



Challenges for value creation

- Community expectations for jobs and service delivery in South Africa.



Industry bodies, related memberships and organised business



SELF-ASSESSMENT OF QUALITY OF RELATIONSHIPS:
Good

Why we engage

We engage with industry bodies and organised business believing that together, we are better equipped to meet the needs of a growing and changing society as well as **demonstrate the value business brings to society**. Our focus is on using our expertise and our networks to help create a more sustainable future. Accordingly, we partner with industry and business bodies to provide input on issues and regulations that affect and are relevant to our businesses and industries. We also support and partner with industry initiatives aimed at promoting the use of our products and the overall sustainability of our industry. One of our longest relationships is with the UNGC, to which we have been a signatory since 2008. We work to implement the UNGC’s ten principles, all of which align with the UN SDGs. During 2022 we formalised our full membership of the World Business Council for Sustainable Development (WBCSD) adding our voice to those protecting, promoting and engaging on issues affecting our industry and our business.

Under our **Thrive25 strategy** which emphasises partnership and collaboration, we have been focusing more intensively on working closely and more often with those who share both our values and commitment to our industry.

SHARED PRIORITIES

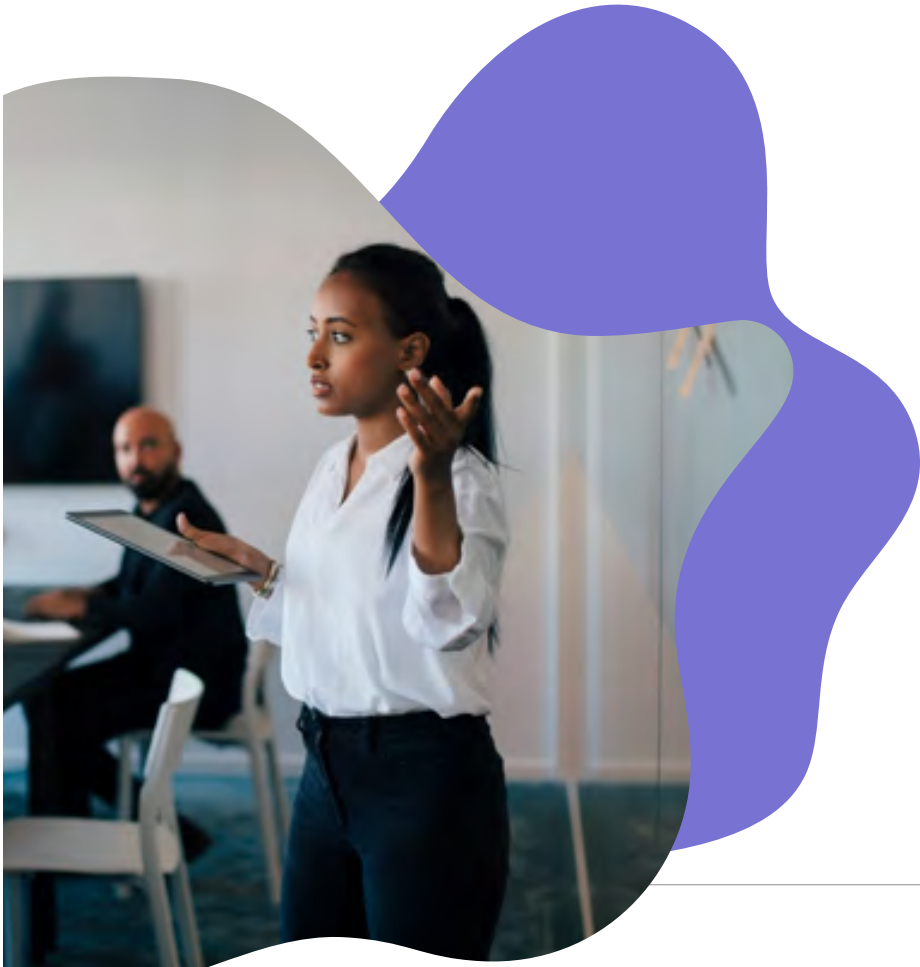
OUR RESPONSE

Ethics and governance

Sappi Limited, being headquartered and listed in South Africa (SA), is a member of the Ethics Institute of SA and has also signed the **Business Leadership South Africa Integrity Pledge**, thereby committing the group to actively combat corrupt practices wherever encountered, preventing anti-competitive behaviour, adopting a zero-tolerance approach to corrupt behaviour and protecting whistle-blowers.

Sappi Limited is an active participant in the National Economic Development and Labour Council (Nedlac) Companies Amendment Bill Task Team where representatives of labour, Government and business meet to discuss and seek consensus on the major amendments proposed to the current Companies Act 71 of 2008 (as amended) of South Africa and governance codes as well as changes related to social and ethics board committees.

Industry bodies, related memberships and organised business *continued*



SHARED PRIORITIES

OUR RESPONSE

Decarbonisation and net zero

We engaged throughout the year with the SBTi until our targets were approved in June 2022.

We are a project member of the WBCSD’s Forest Solutions Group. This collaborative platform enables forest companies from across the sector to support the development of net zero and nature positive roadmaps for the forest sector. The 2022 work priorities for the group included: The Roadmap to a Nature Positive Economy, the GHG protocol, Task Force on Climate-related Financial Disclosures (TCFD) reference scenarios and phase 2 of the net zero roadmap. The Nature Positive Roadmap aligns with guidance from the Science Based Targets Network (SBTN) and the Taskforce on Nature-related Financial Disclosure (TNFD); has been completed and will be published at COP27.

The Programme Leader Land Management and Wood Properties, Sappi Forests, spearheaded the carbon calculation and flows methodology related to forests, as well as the quantification and development of mitigating strategies for climate change as related to forests for Sappi. This individual is a member of the World Resources Institute technical working group on GHG Protocol Carbon Removals and Land Sector Initiative Project which is developing new guidance on how companies account for and report land use, land use change, carbon removals and storage, bio-energy and other biogenic products. Sappi Forests is now piloting Scope 1 emissions reporting from own land holdings in South Africa using a cradle to mill-gate system boundary.

The Textile Exchange launched their Climate+ Strategy in 2019, with a goal to reduce GHG emissions in the textile value chain by 45% by 2030, while addressing other climate-related impact areas, like water, biodiversity and soil health. To accelerate progress towards the Climate+ objective and to drive collective action, Sappi was one of 40 global brands that participated in a discussion with the Climate Board. The latter was appointed by the Textile Exchange to uncover industry best practice in terms of reducing GHG emissions. Sappi is also a member of the Textile Exchange man-made cellulosic fibre roundtable and climate sub-committee, being developed alongside the SBTN to reinforce consistency in language, frameworks and measurements.

In the build-up to COP27 (Climate Change) Sappi joined the Africa Business Leaders Coalition and signed its Africa Business Leaders’ Climate Statement which will be presented at COP27.

 Learn more: [Responding to climate change](#)

Industry bodies, related memberships and organised business *continued*



Issues that affect the sustainability of our industry and initiatives that promote sustainability, awareness and understanding

SHARED PRIORITIES

OUR RESPONSE

Biodiversity

Global:

Sappi Pulp was an advisory partner in the development of the Biodiversity Benchmark for the Textile Exchange.

Shortly after year end and in preparation for the CBD COP15, Sappi joined other companies from 56 countries in signing the Business Statement calling for mandatory assessment and disclosure on nature to be included in the Global Biodiversity Framework.

In **SNA's** sourcing areas, a significant portion of forestland is owned and managed by private landowners, often adding up to less than ten hectares. This presents challenges for forest health and biodiversity conservation. The Sappi Maine Forestry Program and the Sappi Lake States Private Forestry Program, staffed by **SNA** foresters, offer a wide range of services to landowners including contracting with experienced loggers and providing plans to enhance wildlife habitat and forest health.

SSA supports SANBI (South African National Biodiversity Institute), Birdlife SA and WWF-SA. In this region we have seven declared nature reserves on our landholdings in Mpumalanga and KwaZulu-Natal provinces. These proclaimed nature reserves are part of South Africa's Biodiversity Stewardship Programme managed by the South African National Biodiversity Institute (SANBI), are based on partnerships between landowners, provincial conservation authorities and NGOs, and are aimed at securing and enhancing biodiversity. The sites are declared where important biodiversity or ecosystem services have been identified.

Global:

As a member of the Sustainable Apparel Coalition (SAC), we support the Higg Index developed by the apparel industry to evaluate materials, products, facilities, and processes based on environmental performance, social labour practices, and product design choices.

SEU

In FY2022, we participated actively in the 4Evergreen Alliance which is focused on improving fibre-based packaging circularity and climate performance. The collaboration published *Circularity by Design Guidelines* which offers a collective view from experts across the value chain on how different components of fibre-based packaging impact the paper recycling process in standard recycling mills, together with the different ways in which they can be classified. The collaboration also published the *Collection & Sorting Guideline*, together with three annex materials which aim to improve the use and execution of the Confederation of European Paper Industries (CEPI) Harmonised Test Method for recyclability.



Industry bodies, related memberships and organised business *continued*

SHARED PRIORITIES	OUR RESPONSE
Issues that affect the sustainability of our industry and initiatives that promote sustainability, awareness and understanding <i>continued</i>	<p>SEU <i>continued</i></p> <p>We also participated in the Forests Dialogue which leads multi-stakeholder dialogue processes among key stakeholders, to overcome conflict and spur collaborative action on the highest priority issues facing the world's forests.</p> <p>Contributing to the Pulp and Paper Value Chain information system:</p> <p>Together with other members of the CEPI and the European Paper Chemicals Manufacturing Industry Group (EPCG), SEU contributed to the launch of the Pulp and Paper Value Chain Information System (P&P VIS) in 2022. The system embodies two essential elements of sustainability transformation: collaboration and transparency. By working together to agree on a harmonized questionnaire and develop an online platform, important information can now flow accurately and efficiently between chemical suppliers and their pulp and paper manufacturing customers.</p> <p>The information shared supports our ability to ensure our products comply with requirements related to food contact, Ecolabel, declarable substances, together with other regulatory and market requirements. Through P&P VIS, the paper industry has enhanced its capacity to react rapidly to new product safety regulations and to efficiently implement them throughout the value chain.</p> <p>SNA</p> <p>Sappi continues to be a sponsor of the Paper & Packaging Board's How Life Unfolds® campaign, which highlights our commitment to innovative, sustainable products.</p> <p>We are a founding partner of the Recycling Partnership and support their work to transform recycling nation-wide and increase materials recovery.</p> <p>SSA</p> <p>Together with the Paper Manufacturer's Association of South Africa (PAMSA) and another industry member, we sponsored Primestars to develop an infotainment programme for high school learners from under-resourced communities. The programme was aimed at highlighting opportunities in the green economy.</p>

Industry bodies, related memberships and organised business continued



SHARED PRIORITIES	OUR RESPONSE
Regulatory issues	<p>SEU</p> <p>The European Green Deal aims to lead the world in achieving climate neutrality under the Fit for 55 legislative package. Our industry supports the objectives of the Green Deal and is leading the way in taking concrete actions to achieve deep emissions reductions. Our main position in the context of EU policy related to decarbonisation is to ensure a predictable and enabling policy framework for EU Industry. We engage through the CEPI.</p> <p>One of the most recent proposals was to establish a broadened framework for eco-design requirements for sustainable products. The horizontal framework for eco-design requirements will cover the broadest possible range of products, including intermediate products and components, but excluding food, feed, medicinal products, living plants and animals. We are following the process closely.</p> <p>Together with other members the European pulp and paper industry we have been actively contributing to and keenly monitoring the development of the new EU Forest Strategy and the proposal for a regulation concerning certain commodities and products associated with deforestation and forest degradation.</p> <p>SNA</p> <p>In the USA, extended producer responsibility (EPR) legislative activity has gathered momentum. The biggest impact of such legislation is likely to be increased costs to our customers and possible mandates for greater recycled content which could disadvantage and add costs to Sappi products. The state of Maine, where our Somerset and Westbrook Mills are located, was the first state to pass EPR legislation. We are engaging through our trade association, the American Forest & Paper Association (AF&PA), who have appointed a consultant to inform and influence the conversation among the media, policymakers, and the public surrounding EPR proposals.</p> <p>SSA</p> <p>We supported PAMSA in their engagement with the Department of Forestry, Fisheries and the Environment (DFFE) which resulted in the granting of an exclusion for specific waste streams from the definition of waste to promote beneficiation opportunities of the likes of paper sludge and ash in various products such as brick and block manufacturing, soil conditioners, biofuels and cement production.</p>

Industry bodies, related memberships and organised business continued



SHARED PRIORITIES	OUR RESPONSE
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Enhanced forestry management

SNA
We belong to the Cooperative Forest Research Unit based at the University of Maine, where scientists conduct applied research that provides Maine’s forest landowners, forestry community, and policymakers with the information needed to ensure both sustainable forestry practices and science-based forest policy.

We continued our ongoing participation in Emerald Ash Borer surveys and other pest/pathogen/ invasive species quarantines and studies.

The revised SFI® Forest Management, CoC and Fiber Sourcing Standards went into effect on January 1, 2022. The new standards bring clarity and rigour in key areas of due diligence systems and avoidance of controversial sources, landscape biodiversity conservation and logger training along with new Climate Smart Forestry practices and an optional climate change adaptation module.

We are a member of Minnesota Forest Industries (MFI) which meets quarterly with public agencies to discuss forest-related challenges, industry needs, workforce challenges, and trends/concerns/ opportunities.

SSA
A milestone was reached last year when we were awarded the first-ever PEFC forest management certificate in the country. This means that all our plantations are now both FSC and the PEFC certified. In addition to PEFC Forestry Management certification, Ngodwana, Saiccor and Tugela Mills are now CoC certified.

The Sappi Forests Vice President spoke at the 15th World Forestry Congress, held in Korea on the topic: *Managing forests for the SDGs: Creating value, equality and resilience from forest products and ecosystem services.*

Combatting deforestation and promoting certification

We believe that creating value in standing forests is one of the best ways to combat deforestation in the long-term. Engagement with participants along the supply-chain from the forests to the customers is active, and Sappi advocates for the importance of sustainable forest management practices, and forest certification as assurance of the supply-chain integrity. We are an active member of FSC International’s Northern and Southern economic chambers and PEFC’s International Stakeholder member, and collaborates to promote and expand forest certification, but also to ensure that the systems continuously develop themselves to sustain the integrity and robustness of certified supply-chains.

Industry bodies, related memberships and organised business *continued*



SHARED PRIORITIES	OUR RESPONSE
Promoting the sound credentials of woodfibre	Sappi is a member of the Sustainable Apparel Coalition’s (SAC) policy advocacy task team responsible for providing commentary on the development of the EU textile strategy and associated policies, in line with the EU Green deal directive. One of the key aims is to ensure that virgin wood based raw materials are recognised as a sustainable option. This advocacy group is supported by the Federation of European Sporting Goods Industry and Global Fashion Agenda.
Ensuring the integrity of natural resources like water	SSA has partnered with WWF South Africa to proactively manage water resources in the uMkhomazi catchment in which our Saiccor Mill is situated through multi-stakeholder collaboration across the landscape. This collaborative approach is an extension of an extension of the Integrated Community Forum structure, which we pioneered and through which we engage with communities close to our areas of operation. Under this project, we launched the first community-based alien vegetation clearing and maintenance project with the Nzinga community.
Product development and innovation	<ul style="list-style-type: none">Sappi Biotech collaborated with Frankfurter Brett and Kegelmann Technik to launch a sustainable kitchen console made from Sappi Symbio.In the light of growing consumer demand for sustainable packaging, Sappi Europe and packaging machine manufacturer Kallfass signed a collaboration agreement to develop a sustainable, paper-based alternative to film-based primary secondary packaging in the non-food packaging sector.SNA is the co-lead of the committee operating under the auspices of the Alliance for Pulp and Paper Technology Innovation (APPTI) to demonstrate and deploy membrane-based technology for black liquor. Other members of the committee include the Georgia Institute of Technology (Georgia Tech), members of the US forest products industry and membrane system/ process developers. The work has progressed to mill scale trials and we continue to help fund patent protection for the invention.

Industry bodies, related memberships and organised business *continued*

Progressing DNA fingerprinting for small growers

The DNA Fingerprinting for Small Growers (DFSG) initiative was launched in FY2022. Supported by the South African Technology Innovation Agency (TIA), it aims to make DNA fingerprinting technology developed by the Forest Molecular Genetics (FMG) Programme, through the founding members of which Sappi is one, available to small growers and farmers.

This will help with the identification of clonal genotypes, confirmation of hybrids and with parentage and pedigree reconstruction. This has become an indispensable tool in the forestry industry, aimed at ensuring the deployment of fast-growing, resilient trees.

The TIA has provided ZAR500,000 per annum which will support a dedicated technician and subsidise the cost of DNA fingerprinting for small growers and private nurseries to a total of 800 to 1,000 samples per year. In the next phase, there will be engagement between industry members and the outgrower community.

identification of
clonal
genotypes



Our membership of industry associations and other organisations



Sappi Limited

- African Business Leaders Coalition
- Business Leadership South Africa
- CEO Initiative
- Circular Bio-economy Alliance
- Ecovadis
- Ethics Institute (South Africa)
- International Stakeholder member of the Programme for the Endorsement of Forest Certification (PEFC)
- National Economic Development and Labour Council (Nedlac)
- Paris Pledge for Action
- Sustainable Apparel Coalition
- Technical Association of the Pulp and Paper Industry (TAPPI)
- Textile Exchange
- United Nations Global Compact (UNGC)
- World Business Council for Sustainable (WBCSD) including the Forest Solutions Group



SEU

- Biobased Industries Consortium (BIC)
- BioChem Europe
- CELAB: Towards a Circular Economy for Labels
- CEFLEX: A circular economy for flexible packaging
- Confederation of European Paper Industries (CEPI)
- Eurograph
- European Joint Undertaking on Biobased Industries
- 4Evergreen Alliance
- Ligninclub
- Print Power
- The Alliance of Energy-Intensive Industries
- The Forests Dialogue

Industry bodies, related memberships and organised business *continued*



SNA

- Alliance for Pulp & Paper Technology Innovation (APPTI)
- American BioFuels Association (ABFA)
- American Forests and Paper Association (AF&PA)
- American Forest Foundation (AFF)
- Biorenewable Deployment Consortium
- Federal Forest Resources Coalition
- Forest Products Working Group
- Forest Resources Association
- FSC
- Great Lakes Timber Professionals Association
- Maine Forest Products Council
- Maine Tree Foundation
- Michigan Forest Products Council
- Minnesota Forest Industries
- Minnesota Timber Producers Association
- NH Timberland Owners Association
- Paper and Paper Packing Board
- Paperboard Packaging Council
- Pulp and Paper Products Council
- Sustainable Packaging Coalition (SPC)
- Sustainable Forestry Initiative (SFI)
- The Recycling Partnership
- University of Maine Cooperative Research Unit
- University of Maine Paper Surface Science Consortia
- University of Minnesota Sustainable Forests Education Cooperative



SSA

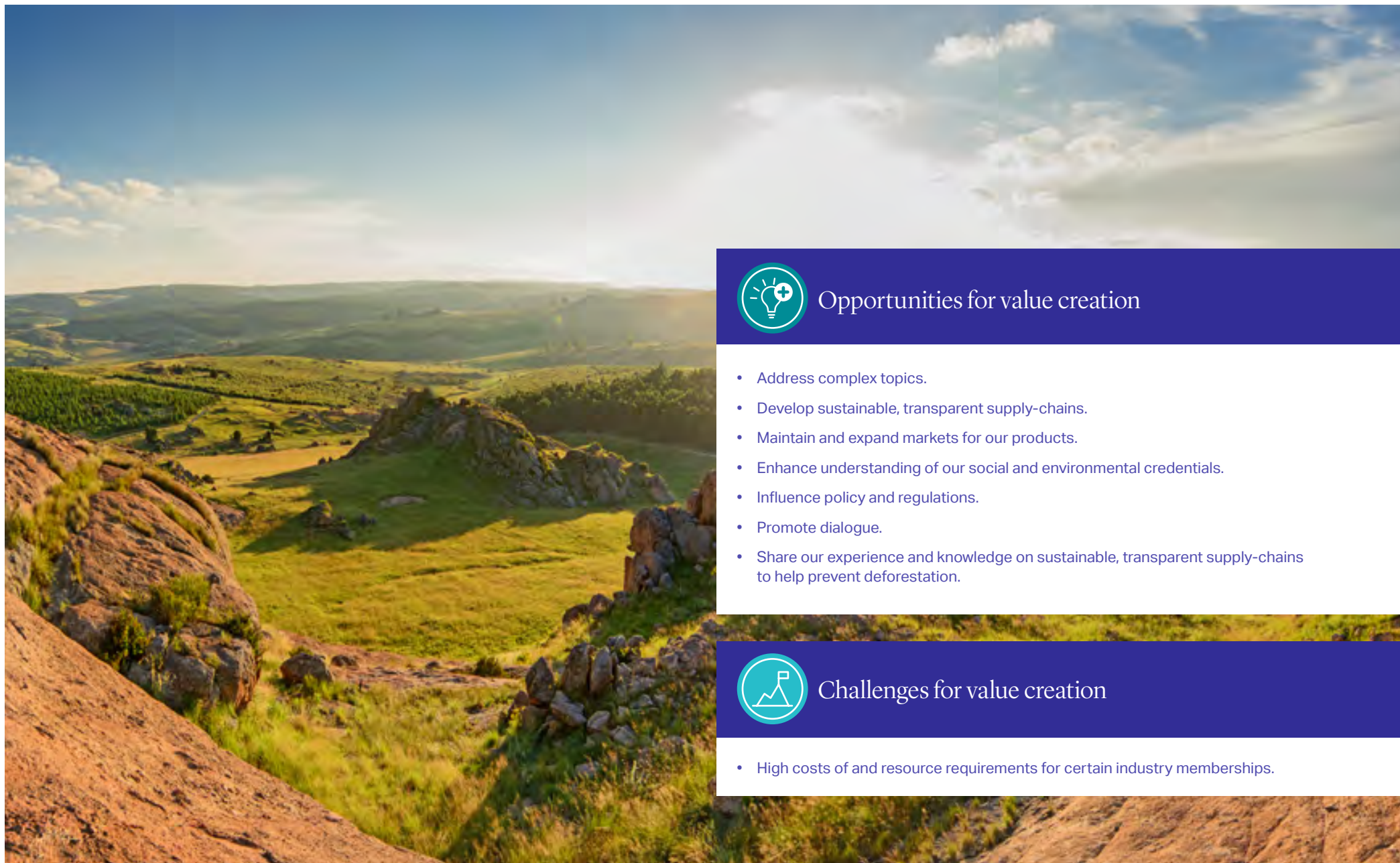
- Birdlife SA
- Business Unity South Africa
- Fibre Circle
- Fibre Processing and Manufacturing Skills Education and Training Authority (SETA)
- Forestry South Africa
- Forest Stewardship Council (FSC)
- National Business Initiative (NBI)
- Manufacturing Circle
- Packaging SA
- Paper Manufacturers' Association of South Africa (PAMSA)
- Recycle Paper ZA
- Shared Value Initiative
- SANBI (South African National Biodiversity Institute)
- South African Chamber of Commerce and Industry (SACCI) and local chambers of commerce and industry
- WWF-SA



Sappi Forests

- Biological Control of Eucalypt Pests
- Biorenewable Deployment Consortium (BDC)
- CAMCORE
- Eucalypt Pest and Pathogen Working Group (EPPWG)
- Forestry and Agricultural Biotechnology Institute (FABI)
- Forest Molecular Genetics (FMG) Programme
- Institute for Commercial Forestry Research (ICFR)
- South African Institute of Forestry (SAIF)
- The Tree Protection Co-operative Programme (TPCP) – founding member





Opportunities for value creation

- Address complex topics.
- Develop sustainable, transparent supply-chains.
- Maintain and expand markets for our products.
- Enhance understanding of our social and environmental credentials.
- Influence policy and regulations.
- Promote dialogue.
- Share our experience and knowledge on sustainable, transparent supply-chains to help prevent deforestation.



Challenges for value creation

- High costs of and resource requirements for certain industry memberships.



Shareholders, bondholders and banks



SELF-ASSESSMENT OF QUALITY OF RELATIONSHIPS:
Good to excellent

Why we engage

Our aim is to provide investors (shareholders and bondholders) and analysts with **transparent, timely, relevant communication** that provides them with an understanding of our industry and our performance, setting out the manner in which we hope to achieve our growth ambitions to facilitate informed decisions.

SHARED PRIORITIES	OUR RESPONSE
Understanding Sappi’s strategy	• Our investor relations department engages with shareholders and analysts on an ongoing basis.
Understanding Sappi’s performance	• Our Chairman and CEO also engage with shareholders on relevant issues. We conduct ad hoc mill visits and road shows, and issue announcements through the JSE – Stock Exchange News Service (SENS), in the press and on our website
Return on investment	(S) (see www.sappi.com/SENS). We publish our Annual Integrated Report (see www.sappi.com/annual-reports) and sustainability reports (see www.sappi.com/sustainability) on the group website. Shareholders can attend and participate in the Annual General Meeting as well as the four quarterly financial results briefings.
Transparent information about risks, opportunities and environmental, social and governance (ESG) performance, in particular the impact of climate change on strategic and financial decisions	• We engage with various ratings agencies, particularly in terms of ESG performance.
Ability to generate sufficient cash flows to fund our business and service our debt	• We participate in the CDP Climate and Forest disclosure projects every year, making our submissions publicly available. This year, for the first time, we participated in CDP Water.
	• Our Chief Financial Officer and Head of Treasury engage with bondholders, banks and rating agencies continually on the performance of the company. A key point of discussion was our international Revolving Credit Facility (RCF) of €515 million benefits from the group’s newly developed Sustainable Financing Framework.

Shareholders, bondholders and banks *continued*



Opportunities for value creation

- Understanding of and commitment to our strategic direction.
- Enhanced reputation.
- Greater investment confidence.
- Broader licence to invest.



Challenges for value creation

- Slow post-Covid-19 economic recovery.
- Uncertainty about certain environmental regulations.

Shareholders, bondholders
and banks *continued*



ABOUT OUR

Revolving Credit Facility and Sustainable Financing Framework

The newly adopted Sustainable Financing Framework is our first financing facility with sustainability-linked KPIs. The new facility of €515 million matures in February 2027 and comprises a consortium of eight relationship banks. The RCF was structured with a margin adjustment mechanism, linked to progress in achieving the KPIs and will be used to guide any sustainability-linked characteristics of future financing solutions.

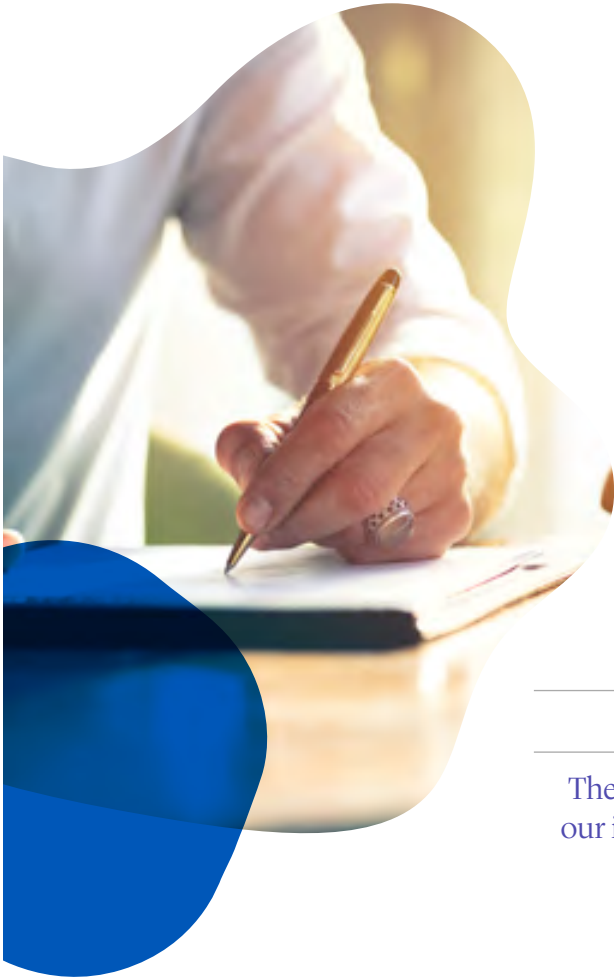
The Framework was verified by ISS ESG with a second party opinion that defines four material sustainability KPIs and provides a basis for future KPI-linked credit and capital market activities of the Group. The KPIs focus on decreasing specific GHG (Scope 1 + 2) emissions from a 2019 base by 18% in 2025; ensuring that certified fibre supplied to Sappi mills is more than 75% every

year; reducing landfill solid waste disposal by 15%; and securing zero workplace injuries (LTIFR) for own employees.

This is an important strategic step for Sappi and supports our long-term vision to be a sustainable business with an ambitious sustainability strategy.

The Sustainable Financing Framework
is our first
financing facility
with sustainability-linked KPIs





Government and regulatory bodies



SELF-ASSESSMENT OF QUALITY OF RELATIONSHIPS: Fair to good

Why we engage

 Dialogue with members of governments and regulatory authorities is seen as an opportunity for all stakeholders involved to better understand all aspects and as such hopefully make better decisions. We work to ensure that our position on a broad range of priority issues is understood by politicians, decision makers, opinion formers and other role-players in the regions where we operate. This is in order to support a policy and legislative environment that helps us achieve our business objectives, as well as enhance our reputation and brand.

SHARED PRIORITIES	OUR RESPONSE
The social and economic benefits of our industry nationally as well as at a local level	SEU
Increased investment	We are actively working in various forest-sector collaborations to ensure a thriving forest bio-economy remains an integral part of the EU Green Deal. Through sustainable forest management practices, responsible sourcing, efficient use of resources and manufacturing innovation, the sector provides fibre-based and low-carbon solutions and products and thus boosts the transition into a circular economy.
Energy issues and carbon taxation	SNA
The impact of increased regulations on business	We actively engage through various industry trade associations at the federal and state level to ensure that a thriving forest resources industry remains a vibrant part of the US economy. In August 2022, US President Biden signed the Inflation Reduction Act of 2022 into law. We actively engage through various industry associations at the federal and state level to ensure that a thriving forest resources industry remains a vibrant part of the US economy. In August 2022.
Enhancing sustainable forest management and land use	

Government and regulatory bodies

continued



The social and economic benefits of our industry nationally as well as at a local level

–

Increased investment

–

Energy issues and carbon taxation

–

The impact of increased regulations on business

–

Enhancing sustainable forest management and land use

continued

SSA

- The Carbon Tax Act 15 of 2019 came into effect on 1 June 2019. The first phase from 1 June 2019 to 31 December 2022 applies to activities that directly emit GHG. The tax includes various allowances in the first phase, including a 100% allowance for forestry. We engaged with the Department of Forestry, Fisheries and Environment (DFFE) which agreed with our carbon sequestration calculation and Sappi Southern Africa’s carbon tax liability for the 2021 calendar year 2021 was zero. We also anticipate zero liability in calendar 2022.
- We engage with government to assist in the development of rural areas, including the expansion of tree farms in the Eastern Cape.
- As a member of Forestry South Africa, we previously participated in the development of the Masterplan for the Commercial Forestry Sector in South Africa 2020 – 2025 and the Public Private Growth Initiative. **SSA** is also participating in the forum enabling business sectors to discuss economic growth plans with the Presidency.
- Amendments to the Employment Equity Act have been approved by Parliament for public comments. Sappi SA, together with other members of organised business, has submitted consolidated comments, through Business Unity South Africa as well as Forestry South Africa. It is hoped that comments from business particularly around concerns on the sectoral targets, will be incorporated in the final paper.



Opportunities for value creation

- Promoting understanding of issues and challenges as well as the strategic value of our industry helps to create a more receptive regulatory and policy environment.



Challenges for value creation

- Policies which take neither our high use of biobased energy into account nor recognise the important carbon sequestration role played by the sustainably managed forests and plantations from which we source woodfibre.
- Slow granting of water use licences in South Africa.
- Uncertainty about regulatory developments, for example: carbon tax.
- Administrative delays.



Suppliers and contractors

SELF-ASSESSMENT OF QUALITY OF RELATIONSHIPS:
Good

Why we engage

The more than 16,000 suppliers that comprise our global value chain are essential to our business. From providing woodfibre and other raw materials to energy and logistics, they support us in making the everyday products that our customers need world-wide. Ensuring these suppliers ‘do right’ by acting in accordance with our own policies, principles and values is a strategic priority. One that is enshrined in our Supplier Code of Conduct and supported by our collaboration with EcoVadis, a global platform providing business sustainability ratings.

We aim to establish mutually respectful relationships with our suppliers and encourage them to share our approach to using woodfibre not only for business profit but also for generational prosperity; investing in and searching for innovative ways to leave the planet better than we found it and making a purpose-driven and meaningful contribution towards the wellbeing and development of employees and our communities.

We want to build long-term value partnerships, based on the importance of suppliers to a sustainable supply-chain.

In relation to smallholders, in South Africa and North America, we engage directly with the small landowners supplying wood to our mills. We also offer forestry services to support their forest management. In Europe, we have procurement partners who do this on our behalf. Within the communities where we operate in South Africa, we also support small-medium enterprise development, training initiatives and outgrower schemes to stimulate value chain development in rural areas.

SHARED PRIORITIES	OUR RESPONSE
Robust safety procedures and a strong culture of safety	<p>Given our focus on zero harm in the workplace, we work with our contractors to ensure that they follow Sappi’s safety systems and regard their safety as just as important as that of our own people.</p> <p>In South Africa, Sappi Forests continues to work closely with contractors and their workers to implement the innovative ‘Stop and Think Before You Act’ safety initiative.</p>
Transparency into the value chain	<p>We continued to assess the sustainability performance of our suppliers through proactive ratings and evaluations using EcoVadis’ methodology. Under the Ecovadis banner, we have been submitting our own sustainability performance to our customers for many years now.</p> <p>Globally, our procurement team made progress in assessing suppliers against our Supplier Code of Conduct: SEU: 83% of total procurement spend covered; SNA: 78% and SSA 58%.</p>



Suppliers and contractors

continued

SHARED PRIORITIES	OUR RESPONSE
Security of fibre supply	SEU In Europe, we procure wood through well-established wood sourcing companies wood procurement partners in Europe (Metsä Forest in Finland, proNARO in Germany, Sapin in Belgium and Papierholz in Austria) all of which operate with an established pool of forest owners and wood suppliers.
Certification	
Income generation and job creation	<p>In addition, we are a member of the CEPI, which participates in actions supporting and promoting the development of sustainable forestry management tools, including forest certification, globally, particularly in less developed countries.</p> <p>SNA In SNA's sourcing areas, a significant portion of forestland is owned and managed by private landowners, often adding up to less than ten hectares. This presents challenges for forest health, biodiversity conservation, soil and watershed restoration, control and prevention of invasive species, wildland fire management, and many other natural resource goals.</p> <p>The Sappi Maine Forestry Program and the Sappi Lake States Private Forestry Program, staffed by SNA foresters, offer a wide range of services to landowners including contracting with experienced loggers and providing plans to enhance wildlife habitat and forest health. The SNA Stumpage programme assists landowners with developing harvest plans and timber stand improvement project plans with appropriate silvicultural techniques that ensure prompt regeneration after harvest. SNA stumpage foresters conduct inspections on all jobs to ensure compliance with laws, policies and best management practices to conserve soil and water quantity/quality along with other values such as biodiversity conservation, aesthetics management, cultural resource protection, etc.</p>

Suppliers and contractors

continued



SHARED PRIORITIES	OUR RESPONSE
Security of fibre supply	SSA
– Certification	Qualified extension officers provide growers in our Sappi Khulisa enterprise development scheme with ongoing growing advice and practical assistance.
– Income generation and job creation	Khulisa Ulwazi ('Growing knowledge') training centres are targeted at Khulisa growers and land reform beneficiaries. Training covers entrepreneurship, fire management, harvesting planning, leadership and management development, as well as safety.
continued	Sappi is involved in several land reform projects, helping beneficiaries to manage their land. Many of these properties previously belonged to commercial farmers who had supply agreements with Sappi. For many of the land claims in which we have been involved, and where there has been a change in ownership, we continue to buy the timber and help to manage those plantations
	The high cost of certification has been an issue for small growers which we have helped to overcome by offering a group certification scheme. In 2022 there were 39 members in the scheme with plantations totalling 45,600 hectares.
	Sappi was the first forestry company in South Africa to achieve PEFC certification through the Sustainable African Forestry Assurance Scheme (SAFAS). This incorporates a Value Based Platform (VBP) approach which is designed to look at integrated risks across landscapes and is more suitable for smallholders.
	Using the VBP approach, we are now assessing 13 grower groups, covering 4,443 hectares, for certification readiness.



Opportunities for value creation

- Improved supplier relations.
- Increased uptake of the Supplier Code of Conduct.
- Better understanding of the requirements of the Sappi group.
- Expanded basket of certified fibre.
- Support for local economic development.
- Support for emerging supplier/ contractor development.



Challenges for value creation

- Security of woodfibre supply.
- Ensuring that small, medium and micro-enterprises have the right social and environmental procedures in place and monitoring compliance.



Civil society and media



SELF-ASSESSMENT OF QUALITY OF RELATIONSHIPS:
Good

Why we engage

We maintain an **open relationship with the media**, believing that an informed media is better able to serve public reporting and debate on any issue.

We continue to update the media on our belief that it's our responsibility to use the full potential of each tree we harvest. We engage with civil society organisations on issues of mutual interest and belong to key organisations relevant to our operations. We engage with various civil society groups on our societal and development impact.

Globally we interact and engage with a wide range of NGOs, especially through our participation with the forest certification systems (FSC, PEFC and SFI). We leverage these platforms to actively contribute to the growth of forest certification world-wide and collaborate with diverse stakeholders.

SHARED PRIORITIES	OUR RESPONSE
Business developments	Global <ul style="list-style-type: none">Join key credible organisations as members.Develop personal relationships and engage continually.Provide support to and sponsorship for key organisations on issues of mutual interest. SNA: <ul style="list-style-type: none">SNA engages in a variety of roles in diverse collaboratives as a participant, funder, partner and leader. Our staff serve in roles ranging from interested stakeholder for consultative purposes, committee members, leads/chairman, and board. One example is Minnesota Forest Industries to which SNA belongs and which meets quarterly with public agencies to discuss forest-related challenges, industry needs, workforce challenges, and trends/concerns/opportunities
–	
The future of our industry	
–	
Our impacts on our communities	
–	
Protecting the Environment	

Civil society and media

continued

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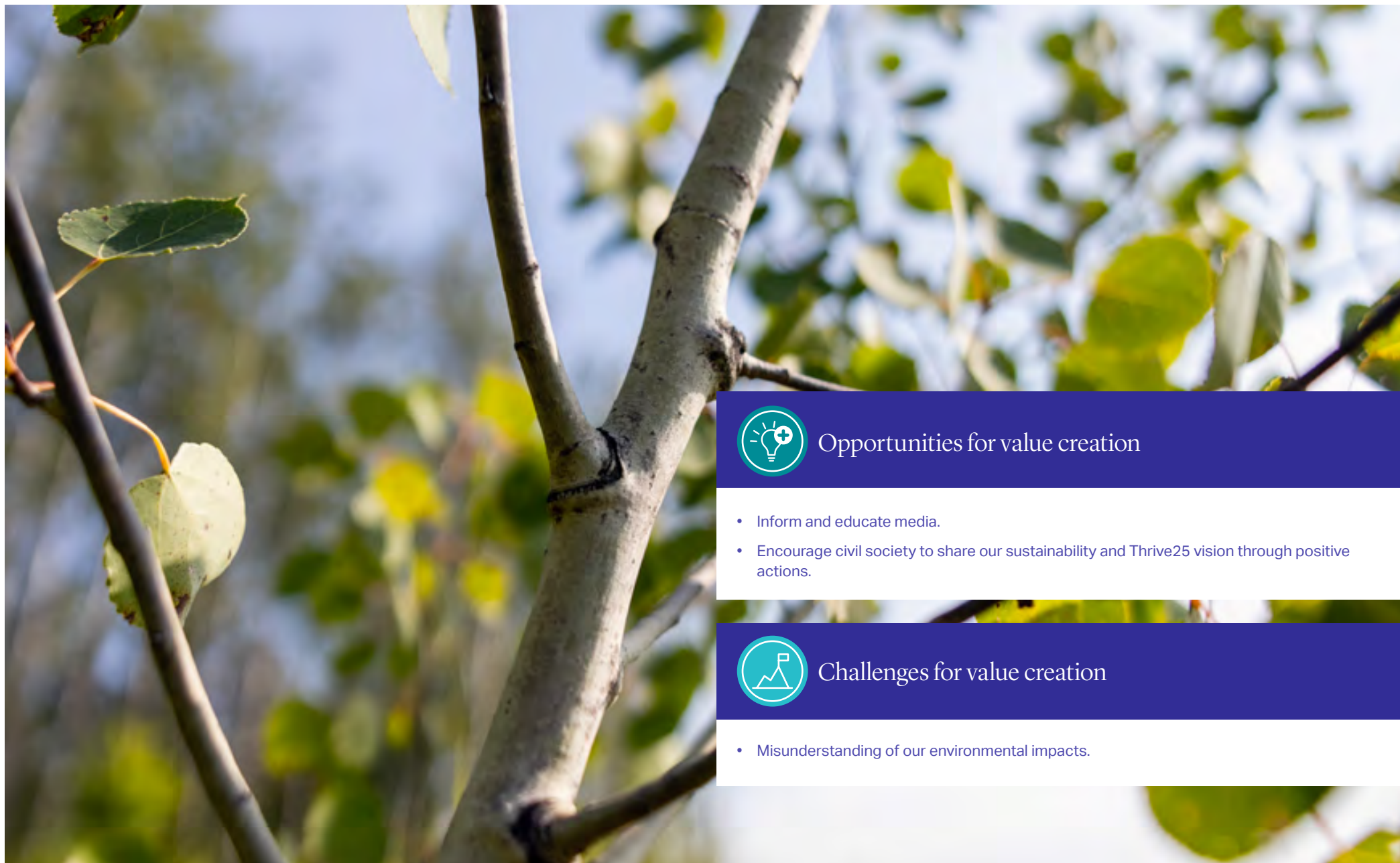
ROADMAP TO A
Nature Positive
Economy

A case study on our *Warburgia* work has been included by WBCSD in their Roadmap to a Nature Positive Economy and will be launched at the 27th Conference of the Parties (COP27) after year end.



SHARED PRIORITIES	OUR RESPONSE
Business developments	SSA
–	
The future of our industry	
–	
Our impacts on our communities	
–	
Protecting the Environment	
continued	

- In terms of civil society, our forestry operations belong to several fire associations, given that fire is a key risk on our plantations.
- Initiated in 2014, our project to re-establish the *Warburgia salutaris* (pepper-bark tree) in communities and the wild continues to gain traction. A major breakthrough for the project has been the discovery that the medicinal properties so highly prized in the bark, are also abundant in the twigs and leaves. Thus, the twigs and leaves of trees planted out in the field can be harvested within four years – much earlier than would be the case for bark harvesting which can only be done on an adult tree. This ensures that the trees can be harvested sustainably, providing health benefits and economic opportunities for traditional healers and muti (medicine) traders. Since inception of the project, together with our working group partners, we have propagated and provided over 60,000 seedlings to traditional healers, urban and rural communities and created seed orchards in safe and protected estates.
- We are now following the same approach to three other species of tree, all of which, like *Warburgia*, can be used in traditional medicine and which are in danger of being over-harvested.



Opportunities for value creation

- Inform and educate media.
- Encourage civil society to share our sustainability and Thrive25 vision through positive actions.



Challenges for value creation

- Misunderstanding of our environmental impacts.

PREPARE



Principles

Maintaining ethical behaviour and compliance

Why it's material

We live and work in a constantly changing environment and operate in many different jurisdictions with different ways of doing things. As OneSappi, we need to have a consistent set of ethical standards which apply across all regions. **Integrity is one of our core values** and **trust is one of our strategic imperatives** – demonstrating the high premium we place on ethical behaviour. Upholding such behaviour is integral to achieving our Thrive25 strategy and remaining true to our purpose of building a thriving world.

Implementing a
consistent set
of **ethical**
standards



How this issue links to other aspects of our business

Our global priority SDGs



Our top 10 risks

- 2. Cyber security
- 8. Uncertain and evolving regulatory landscape
- 9. Employee relations

Our strategic fundamentals

- Grow our business
- Sustain our financial health
- Drive operational excellence
- Enhance trust

THE GLOBAL FORCES SHAPING OUR Thrive25 strategy

- Rapid pace of technological innovation and threats, including cyber threats
- Changing consumer and employee behaviour
- Shifting demographics

Maintaining ethical behaviour and compliance

continued

Our highlights

- Refreshed and relaunched the Code of Ethics shortly after year end
- Smooth global transition to new Ethics Hotline service provider

Key developments in FY2022

Shortly after year end, we launched our **refreshed Code of Ethics** (Code) to align more closely with our Thrive25 strategy and incorporate new examples of everyday situations that, like the original examples, explain the behaviour expected from Sappi people when faced with tricky situations. The Code, which has been translated into relevant languages, references several Group policies, where heightened levels of awareness and compliance are required. In familiarising themselves with the Code, employees are encouraged to read these policies. Story pictures are used to assist in the messaging which are also displayed on the media screens, lift lobbies and on Sappi desk calendars. In line with the refresh of the Code, global online training on the Code has been revamped with new scenarios and relevant examples.

In 2021, KPMG advised Sappi that as a measure to improve the perception of auditor independence, it would cease performing non-audit-related services to its JSE-listed audit clients. KPMG accordingly informed Sappi that they would be withdrawing from servicing our **hotline** for **SEU** and **SSA** from December 2021.

Accordingly, we appointed a new service provider globally with effect from the beginning of calendar 2022. Several different communication channels were used to promote the use of the new Ethics Hotline which helped to ensure a smooth transition.

Training initiatives – incorporating relevant and practical examples – aim to avoid a tick-box approach to ethics. A comprehensive training programme covered the following topics:

- Anti-fraud and corruption (relevant new employees in all regions and a refresher course for all regions)
- Code of Ethics online training (Matane Mill and relevant new employees in all regions)
- Environmental law training (relevant new employees in all regions)
- Competition law (relevant new employees in all regions)
- Occupational health and safety compliance (relevant new employees in all regions)
- Data governance including regional laws like South Africa's Protection of Personal Information Act 4 of 2013 (POPIA) and Europe's General Data Protection Regulation (GDPR)

POPIA came into effect in South Africa in July 2021, following which we implemented the required privacy policies and procedures and appointed, trained and registered POPIA information officers with the applicable regulator. We reviewed implementation in FY2022 and established that it had been successful.

To help heighten awareness throughout Sappi, we participated in various **international events**, including Global Ethics Day, International Fraud Awareness Week and World Whistleblower Day.



Maintaining ethical behaviour and compliance

continued

FAQ:

What happens if there is an ethical breach?

In the case of ethical breaches, the internal audit department is responsible for performing or assisting with forensic investigations. During forensic investigations, particular attention is paid to the circumstances contributing to the incident and management's tone in responding to these incidents.

Internal audit also reviews the ethics management arrangements and ethics controls for particular units and processes during certain audits. Audit steps include confirming the status of our Code of Ethics and hotline communication, completion of ethics training by employees and reviewing processes for employees to disclose potential conflicts of interest.

All forensic investigations are undertaken with oversight from the legal department, human resources (HR) and executive management. Detailed formal reports are prepared for each incident and distributed to line and HR management. The Audit and Risk Committee and supporting committees receive and review reporting on all forensic activity. In addition to the detailed scrutiny of all ethics incidents, various KPIs are used to monitor forensic and ethics management for **SSA**. The most important analyses relate to the numbers, classification and outcome of incidents, as well as the timely resolution of hotline calls.

internal
audit reviews
ethics management





Opportunities for value creation

The number of people using social media currently stands at over four billion, more than double the number of users in 2015. Social media doesn't recognise country borders. A tweet, comment or post – made not just by Sappi people but also by our stakeholders about something perceived as unethical – goes around the world in seconds. We have updated our social media policy and will be conducting relevant training to all regions in line with the updated policy in FY2023.

Procuring responsibly

Why it's material

Research indicates that **85% of consumers are more likely to buy from a company with a reputation for sustainability.**

By working together in partnership with suppliers, we can better identify risk, assess social and environmental performance, and encourage commitment to sustainable choices and the SDGs throughout our value chain.

we encourage
commitment to
sustainable
choices



How this issue links to other aspects of our business

Our global priority SDGs



Our top 10 risks

-  **3.** Sustainability expectations
-  **4.** Supply-chain disruption
-  **6.** Evolving technologies and consumer preferences

Our strategic fundamentals

-  Grow our business
-  Drive operational excellence
-  Enhance trust

THE GLOBAL FORCES SHAPING OUR Thrive25 strategy

- Rapid pace of technological innovation and threats, including cyber threats
- Changing consumer and employee behaviour
- Shifting demographics

Procuring responsibly

continued

Our highlights

- Significant increase in the number of our suppliers disclosing on the EcoVadis platform – from 90 in FY2021 to 199 in FY2022
- 74.2% of global procurement spend now in compliance with our Supplier Code of Conduct

Key developments in FY2022

Globally, since 2021 we have been using EcoVadis to assess the ESG performance of our suppliers.

By the end of FY2022, 199 suppliers were sharing their EcoVadis scorecards with us and another 19 were in progress to disclose on the platform. This equates to 59% of our global procurement spend.

The EcoVadis scorecards enable us gain insights to suppliers' corporate social responsibility performance in an efficient way to inform our business decisions. They also help to identify risk and prioritise areas where further improvements are needed.

To date, we have focused on onboarding suppliers onto the EcoVadis platform and regularly reviewing scores – requesting improvements where necessary. Our Supplier Code of Conduct underpins this work. Our Thrive25 target is that 80% of procurement spend should comply with the code. In **SEU**, 83% of total spend was covered by agreements into which the provisions of the

code are embedded, 72% in **SNA** and 52% in **SSA**. Globally, this translates to 74.2% of global procurement spend.

Recognising that we also have a responsibility to reduce our Scope 3 emissions from our value chain, we have also set a Scope 3 target of 44% of our suppliers (by spend) will have science-based targets by 2026.

Currently, in terms of suppliers and climate, the status is as follows: 86% of our suppliers disclosing on EcoVadis have action on energy consumption and GHG emissions, 70% use renewable energy, 65% report on CO₂ emissions, 47% disclose to CDP climate, 37% report Scope 3 emissions, 26% are part of SBTi and 21% have ISO 50001 certification.



Procuring responsibly

continued

Monitoring fundamental rights



UNGC Principle 1:

Business should support and respect the protection of internationally proclaimed human rights.

We benchmark our human rights performance against the World Justice Project Rule of Law Index® which measures rule-of-law adherence in 140 countries and jurisdictions world-wide based on eight factors: constraints on government powers, absence of corruption, open government, fundamental rights, order and security, regulatory enforcement, civil justice and criminal justice

The fourth factor, fundamental rights, encompasses adherence to the following: effective enforcement of laws that ensure equal protection, the right to life and security of the person, due process of law and the rights of the accused, freedom of opinion and expression, freedom of belief and religion, the right to privacy, freedom of assembly and association, and fundamental labour rights, including the right to collective bargaining, prohibition of forced and child labour, and elimination of discrimination.

Under this index, the countries in which we have manufacturing and major trading operations are classified as set out in the table below. This confirms our understanding that human rights violations in these countries are limited. Scores range from 0 to 1, with 1 indicating the strongest adherence to the rule of law.

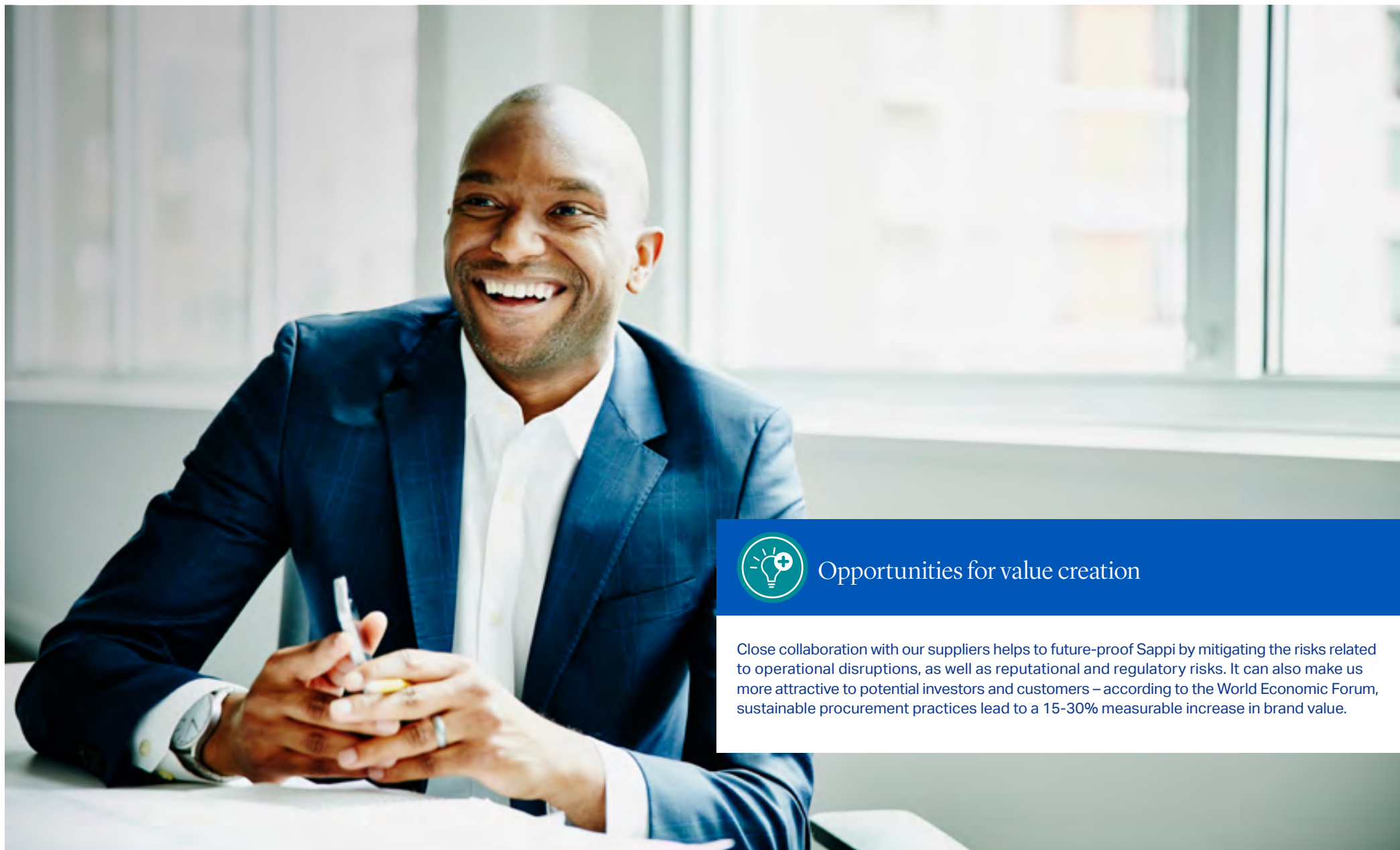
2022 global scores and rankings

	Country	Overall index score	Global rankings (out of 140 countries)
	Austria	0.80	11
	Belgium	0.79	13
	Canada	0.80	12
	Finland	0.87	3
	Germany	0.83	6
	Hong Kong	0.73	22
	Italy	0.67	32
	Netherlands	0.83	5
	South Africa	0.58	54
	United Kingdom	0.79	15
	United States of America	0.71	26

Note: Given here in alphabetical order

We have identified no operations or significant suppliers where the right to exercise freedom of association and collective bargaining has been violated or is at significant risk, nor have we identified operations and significant suppliers as having any significant risk for incidents of child labour. Similarly, we have identified no operations and significant suppliers as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.





Opportunities for value creation

Close collaboration with our suppliers helps to future-proof Sappi by mitigating the risks related to operational disruptions, as well as reputational and regulatory risks. It can also make us more attractive to potential investors and customers – according to the World Economic Forum, sustainable procurement practices lead to a 15-30% measurable increase in brand value.

RADIATE



Prosperity

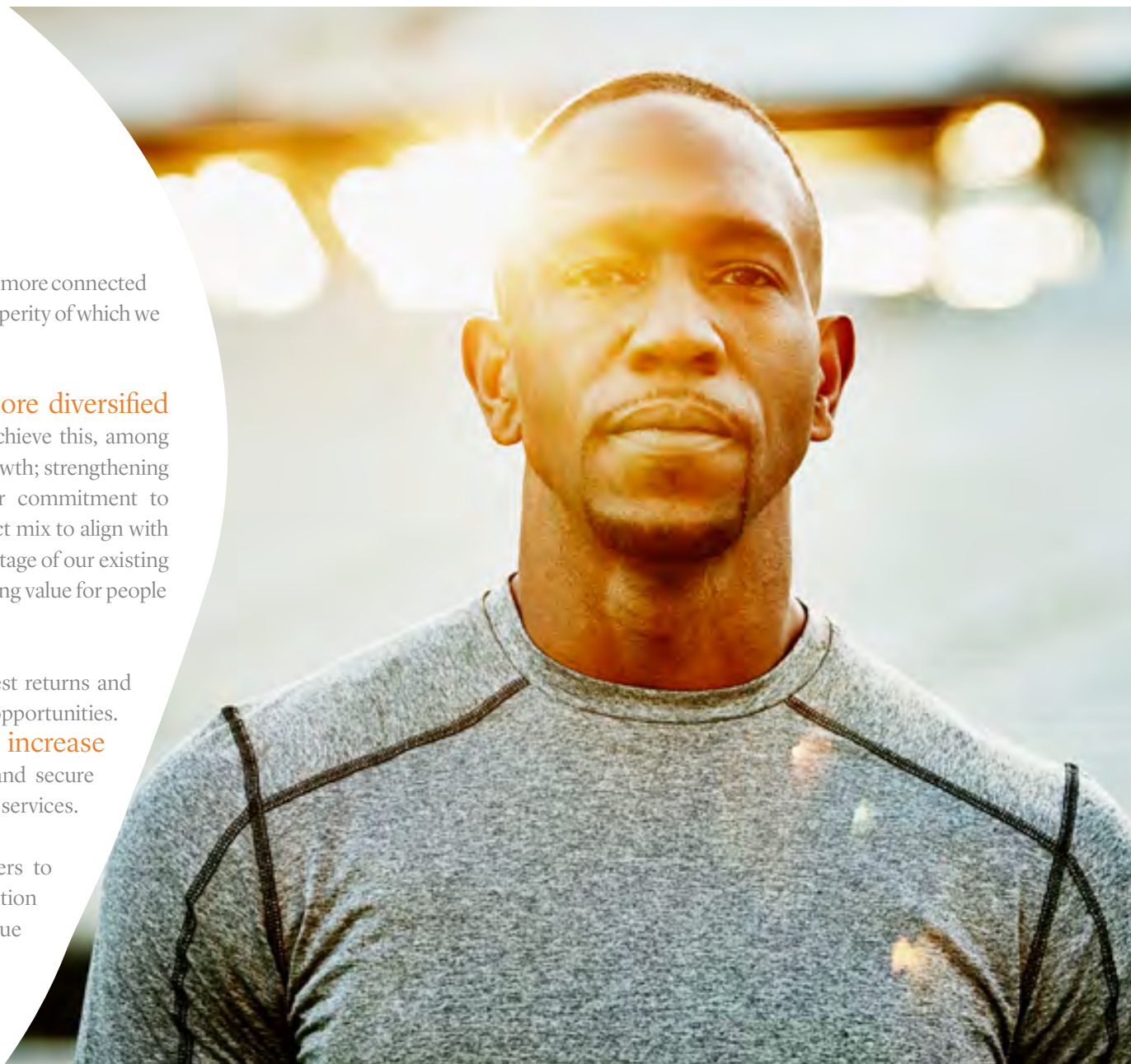
Promoting prosperity across the value chain

Our vision is of a thriving world. ‘**Thriving**’ is about being more connected to the needs of our people and planet and achieving prosperity of which we can all be proud.

We have transformed during the last five years to become a **more diversified group with investments in growing markets**. To achieve this, among other things, we are investing in market segments with strong growth; strengthening our competitive position in mature markets; continuing our commitment to innovation; adapting to market supply and evaluating our product mix to align with evolving needs and demand. Our overarching aim is to take advantage of our existing strengths and grow in high-impact, high-value areas while unlocking value for people and creating solutions from sustainable woodfibre.

We continue to identify and invest in product lines with the best returns and longevity, as well as scan for and review potential investment opportunities. Our Brand Council drives a co-ordinated global programme to **increase the visibility and value of the corporate brand** and secure market preference through our portfolio of branded products and services.

We engage on an ongoing basis with customers and end-users to identify their needs and expectations. We also prioritise collaboration with customers, suppliers, converters and other parties in the value chain to unlock value and opportunities.



Adding value to daily life

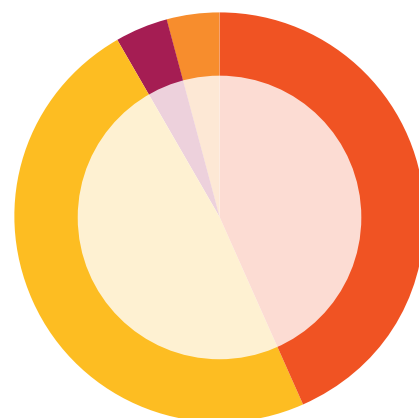
With a burgeoning and increasingly urbanised global population, and with climate change and resource scarcity top of mind for many consumers, the world's demand for sustainable products based on renewable resources like woodfibre is set to grow. Our focus is on creating responsibly sourced and sustainable solutions as viable alternatives to fossil-based products which add value to the everyday lives of people around the world. We play an important role in society, offering efficiently manufactured, recyclable products, made from renewable raw materials:

- Our Verve dissolving pulp is increasingly positioned as the **Fibre of Choice** and is used world-wide by converters to create viscose fibre for fashionable clothing and textiles, pharmaceutical products as well as a wide range of consumer and household products.
- Quality packaging and speciality papers are used in the manufacture of products such as soup sachets, luxury carry bags, cosmetic and confectionery packaging, boxes for agricultural products for export, tissue wadding for household tissue products, as well as casting and release papers used by suppliers to the fashion, textiles, automobile and household industries.
- Our market-leading range of graphic paper products are used by printers to produce books, brochures, magazines, catalogues, direct mail and many other print applications.
- Our bioproducts offer a viable alternative to fossil-fuel based products and align with our approach by making more out of every tree harvested.

We contribute to society through payments to governments, suppliers and employees, as well as returns to shareholders.

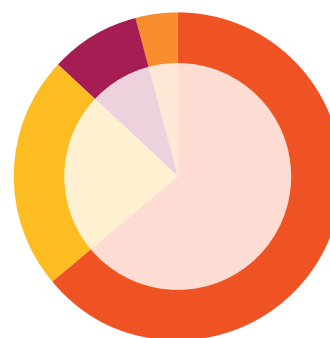
Value added over the last three years

2022



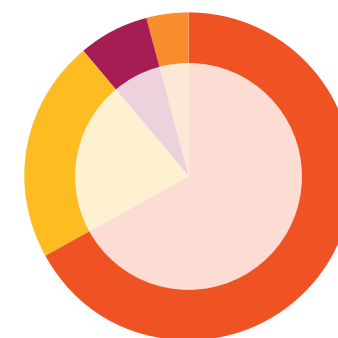
- To employees as salaries, wages and other benefits (43%)
- Reinvested to grow the business (48%)
- To lenders of capital as interest (4%)
- To governments as taxation (4%)
- To shareholders as dividends (0%)

2021



- To employees as salaries, wages and other benefits (64%)
- Reinvested to grow the business (23%)
- To lenders of capital as interest (9%)
- To governments as taxation (4%)
- To shareholders as dividends (0%)

2020



- To employees as salaries, wages and other benefits (67%)
- Reinvested to grow the business (22%)
- To lenders of capital as interest (7%)
- To governments as taxation (4%)
- To shareholders as dividends (0%)



Our 2022

performance at a glance

Performance in FY2022 was excellent, with EBITDA of US\$1,339 million, well above the previous record set in FY2000 of US\$1,052 million. The outstanding performance was particularly noteworthy within the context of a challenging macro-economic environment. Significant headwinds included extreme weather-related events, lingering Covid-19 pandemic effects in China as well as extraordinary global inflation, which was triggered by geopolitical turmoil and ongoing global supply-chain disruptions. Amid this volatility, we demonstrated adaptability and persistence and remained committed to our Thrive25 strategy.

Highlights for the year included strong demand and the implementation of higher sales prices to offset rising costs, combined with a focus on product and customer mix optimisation, supported margin expansion in all product segments. In addition, we have resumed dividend payments.

The strategic priority to invest in packaging and speciality papers in recent years reaped rewards. The segment continued to grow and achieved record EBITDA of US\$359 million compared to US\$214 million in the prior year. Sales volumes increased by 9%, driven by robust global demand and renewed growth in Europe.

However, sales were constrained by available capacity and low levels of inventory in South Africa and North America where demand exceeded supply.

Sales volumes for the pulp segment increased by 15% compared to the prior year on the back of strong market demand and improved logistics as we secured regular breakbulk shipping alternatives for our South African exports. Demand for Verve, our dissolving pulp (DP) was particularly strong and sales were constrained by available production.

The graphic paper segment generated record EBITDA of US\$650 million. The remarkable turnaround from the lows of 2020 was driven by several factors which led to an unprecedented global shortage of graphic paper. These included a surge in demand as economic activity normalised post-Covid-19 and a very tight market balance due to a combination of chronic global logistical challenges and reduced supply.

These results align with the strategic fundamentals of our Thrive25 strategy: drive operational excellence, enhance trust, sustain our financial health and grow our business, under the overarching umbrella of our focus on sustainability.

Our
outstanding performance
was within the context of a
challenging macro-economic
environment



Our 2022 performance at a glance

continued



Record EBITDA
excluding special items:
US\$1,339 million
(FY2021: US\$532 million)



Profit:
US\$536 million
(FY2021: US\$13 million)



Net debt:
US\$1,163 million,
40% year-on-year reduction,
the lowest level in 20 years



EPS excluding special items:
138 US cents
(FY2021: 15 US cents)

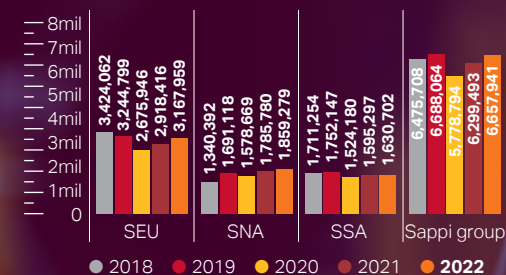


Resumption of
dividend payouts:
**15 US cents
per share**



Sales:
**US\$7,296
million**
(FY2021: US\$5,265 million)

Saleable production (adt/annum)



Further information about our financial performance can
be viewed under the investors tab at www.sappi.com

Facilitating

economic wellbeing

Direct impact

We facilitate social and economic wellbeing by using labour from local communities in every region across the world, as well as the services of small and medium enterprises in areas around our plantations in South Africa and the forests from which we source sustainable woodfibre in other regions, together with areas around our production facilities globally.

Indirect impact



The indirect economic benefits of our operations impact on sectors including technical, construction and engineering services that are outsourced to a variety of contractors. The chemicals industry, in particular, is one of our major suppliers. In addition, the provision of services including collection of wastepaper for the industry and outsourcing non-core activities such as maintenance, medical services, transportation, cleaning and security creates opportunities for small, medium and micro-enterprises.

In FY2022, we added value to the prosperity of the regions where we operate by:

- Providing work opportunities for over 9,300 people who are employed by contractors working for Sappi Forests in South Africa, in addition to our own employees.
- Contributing to domestic growth and the balance of payments in each region where we operate by exporting products to over 150 countries around the world.

Playing a strategic role

The pulp and paper and forestry industries are strategic economic sectors and make a significant contribution to economic growth and job creation, particularly in rural areas, where employment and income generation opportunities are more limited than in cities.

	Europe	US	Canada	SA
 Employment (pulp and paper Industry)	179,270 direct jobs	950,000 direct jobs	184,000 direct jobs	140,000 direct jobs
 Value add to the economy	€21 billion added to EU GDP	US\$300 billion: value of locally manufactured products	CAD25.2 billion value add to nominal GDP	ZAR8.4 billion to the balance of trade

Sources:

-  <https://www.cepi.org/wp-content/uploads/2022/07/Key-Statistics-2021-Final.pdf>
-  <https://www.afandpa.org/statistics-resources>
-  <https://www.nrcan.gc.ca/our-natural-resources/forests/state-canadas-forests-report/how-do-forests-benefit-canadians/16509>
-  <https://thepaperstory.co.za/>



Maintaining and strengthening our competitive position

through agility and operational efficiency

Why it's material

Our industry is highly capital intensive and investment cycles are long. Accordingly, a competitive position cannot be based on investment alone, but also on natural and manufactured resource efficiency, technology and innovation, together with responsiveness to changing global forces and market demands. **Being agile and efficient** underpins our ability to **achieve our vision** of being a sustainable business with an exciting future in woodfibre that provides relevant solutions, delivers enhanced value and is a trusted partner to all our stakeholders.

our vision is
to be a sustainable
business with an
exciting
future in woodfibre



How this issue links to other aspects of our business

Our global priority SDGs



Our strategic fundamentals



Grow our business



Sustain our financial health



Drive operational excellence

Our top 10 risks



4. Supply-chain disruption



6. Evolving technologies and consumer preferences



7. Cyclical macro-economic factors



10. Liquidity

THE GLOBAL FORCES SHAPING OUR Thrive25 strategy

- Changing consumer and employee behaviour
- Shifting demographics

Maintaining and strengthening our competitive position through agility and operational efficiency *continued*

Our highlights

- Sale of three European mills to align more closely with our Thrive25 strategic focus
- Commissioning of Saiccor Mill capacity expansion and environmental enhancement project

Key developments in FY2022

We demonstrated our agile, efficient response to a rapidly evolving competitive marketplace in the following ways:

Reducing exposure to the graphic paper segment

In September 2022, we reached an agreement with AURELIUS Investment Lux One S.à.r.l. for the sale of Kirkniemi Mill in Finland, Maastricht Mill in the Netherlands and Stockstadt Mill in Germany. The decision to sell the mills follows a detailed, thorough strategic review in line with Thrive25. The proceeds will be used to reduce debt further, which will provide a platform for future expansion in our identified growth market segments.

Although reducing exposure to the graphic paper segment, we are expanding our presence in segments including packaging and speciality papers, pulp and biomaterials. While our drive to reduce our exposure to graphic papers has been influenced to some extent by digitisation,

the strategic shift towards packaging and speciality papers has also been strongly driven by consumer concerns about fossil-based plastic packaging and a changing climate, as well as their preference for renewable paper-based packaging.

Going forward, as regards graphic paper, **SEU's** focus will be on the stronger commercial print market. In addition, in the packaging and specialties segment, the European business will predominantly focus on the flexible packaging, functional papers, self-adhesives including glassine and labels as well as dye-sublimation categories.

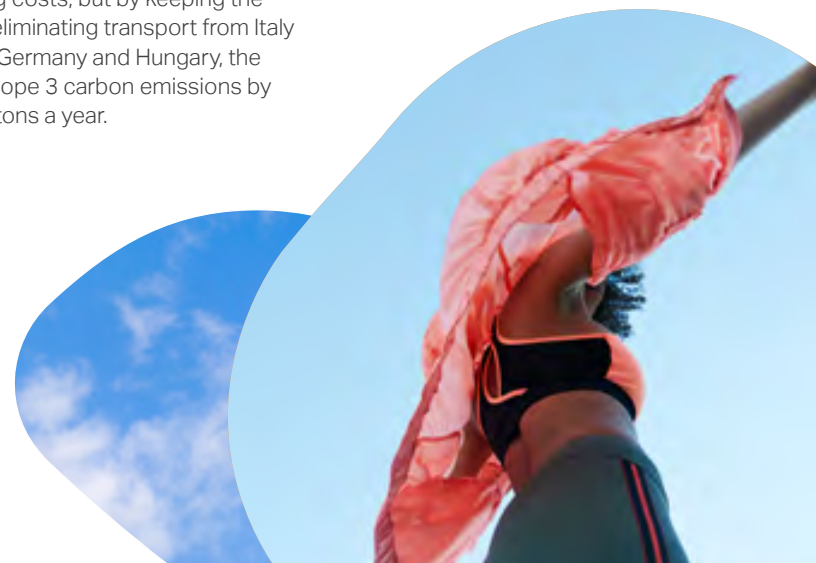
Promoting manufacturing efficiency

Globally, to ensure and enhance **operational efficiency**, we track the Overall Machine Efficiency of every single paper machine in all three regions and compare this against 'best own practice' and 'best realisable'. World-class benchmarks are considered for the different types of paper machines and product portfolios. Every year, the team challenges the new 'best realisable' figure during the budgeting process against new benchmarks, own improvements and records achieved. In FY2022, of our 28 paper/packaging assets, 16 improved performance year-on-year. We continue to monitor performance to enhance understanding of grade changes, quality issues, sheet-breaks and mix impacts in order to ensure continuous improvement.

Dye sublimation allows for printing on polyester and polyester resin coated products. Using a wide-format printer, dye-sublimation inks are printed on special transfer paper that **SEU** produces at Carmignano Mill for use in fashion, home textiles, sportswear and more. Responding to increased market demand in the dye sublimation business, a timely investment at Carmignano Mill has expanded the mill's warehouse capacity and installed a fully automated winder and packaging infrastructure onsite. The business previously had to rely on external converters in Germany and Hungary to store and convert its dye sublimation paper into various reel sizes. Following an extension of the warehouse by 6,500m², the mill now has sufficient onsite storage capability and space to continue growing the business. The savings are significant. Not only does Sappi save €1 million a year on storage and handling costs, but by keeping the product onsite and eliminating transport from Italy to the converters in Germany and Hungary, the mill will reduce its Scope 3 carbon emissions by an estimated 2,500 tons a year.

In **SNA**, some of our more significant process improvements in FY2022 included:

- Process efficiency work at Somerset Mill to upgrade steam flow meters and increase condensate recovery
- A further capital project at the same mill to improve mill steam recovery and complete a PM1 chiller upgrade
- Water reduction projects at Cloquet Mill linked to steam savings
- Enhancements to the Cloquet Mill recovery boiler which led to operating efficiency improvement and helped to avoid downtime
- Matane Mill had a record production year assisted by an improved maintenance reliability effort and continuous focus by the production team to optimise productivity



Maintaining and strengthening our competitive position through agility and operational efficiency *continued*

In **SSA** we achieved the following:

- The major capacity expansion project at Saiccor Mill involved the conversion of all pulping processes from calcium to magnesium and was successfully completed in March 2022 (see alongside). This has helped to reduce overall environmental footprint through reduction of coal boiler steam, increased recovery boiler steam production and power generation and reduced chemical consumption.
- At Ngodwana Mill we upgraded the wet end, press section and the first dryer section of PM1 to improve the quality of kraft linerboard (KLB) and enable the production of lower basis weights – important at a time when our customers are looking to lower their carbon footprint through lighter weight packaging. The mill, which previously produced KLB in basis weights between 140 – 400 gsm, can now produce product ranging from 100 to 400 gsm. Production capacity has now increased from 240,000 to 250,000 tpa.
- Production at Tugela Mill has increased to 170,000 tpa through the installation of a log deck at the woodyard to improve chip quality and reduce rejects, a bottom scraper to improve outlet consistency and control and a screw press to improve pulp washing and outlet consistency. These process improvements will allow for the additional production and sales of Ultraflute amounting to 15,000 tpa and increased liquid lignosulphonate sales of 4,725 tpa. Environmental benefits include a reduction in chemical oxygen demand (COD) due to the improved washing processes.
- Our furfural pilot plant at Saiccor Mill which aims to prove the scalability of the Sappi technology for furfural extraction from magnesium oxide (MgO) thick liquor was commissioned in September 2022.



SAICCOR MILL EXPANSION: technical fast facts

- The expansion and upgrades include a new evaporator, recovery boiler, screening and washing plant, as well as upgrades to the bleach plant and pulp machines, improved recovery circuits and additional magnesium digesters.
- New technology employed incorporates improved washing technology to optimise water and energy efficiency, optimised cooking technology for improved pulp quality control, the application of robotics to facilitate debottlenecking and shop-floor digitisation for improved commissioning, control and operational efficiency.
- Upgrades to the woodyard to enable smooth logistics supply-chain operation include the installation of offloading equipment, side-arm rail carriage chargers and new chipper lines.
- Installation of the largest sulphite recovery boiler in the world, with the capacity to process up to 1,500 tons of dry solids per day.



Maintaining and strengthening our competitive position through agility and operational efficiency *continued*

Implementing innovative supply-chain solutions

In **SEU**, under our wider supply-chain strategy, we have implemented the 'Paperini' initiative with the aim of achieving a more efficient and transparent digital supply-chain. Paperini offers our customers a move away from traditional timely order tracking to an optimised transparent delivery process enabling tracking of orders across the delivery process. Sappi is working with a renowned, trusted and neutral partner in the digital market, Shippeo, which provides a secure platform and guarantees to comply fully with applicable European data protection laws. Once our carriers are connected, they have full access to the Shippeo platform and its tracking data. Data shared via Shippeo is used to calculate the estimated time of arrival of a delivery based on an algorithm which incorporates actual GPS positions, traffic and weather conditions. This enables us to inform our customers proactively in case of possible order delivery delays. Our objective is that eventually, at least 80% of our deliveries will be tracked in real time

In **SNA**, we experienced several raw material supply issues during FY2022, particularly in terms of latex and starch which are used in all grades at Somerset Mill in Maine. Our R&D, procurement and manufacturing departments collaborated to redesign multiple products quickly in ways that would not impact customer quality expectations. Changes were tested through ongoing evaluations to ensure continued quality-first production. This resulted in minimal loss and no customer complaints.

Given the increase in supply-chain uncertainty, network visibility grew in importance. To address this, proactive track and trace reporting for product shipments was provided to the customers that were most impact via our collaboration with Schneider Logistics and Four Kites. In addition, detailed dashboards were created to highlight areas where service and cost issues were experienced, so mitigation measures could be implemented. Finally, visibility in emissions calculations and reporting has vastly improved and there is a dashboard in the beta stage of testing.

In **SSA**, we had to contend with challenging logistics problems at the port of Durban, due to severe backlogs. The situation was compounded after the floods earlier this year, when access was compromised by road and rail infrastructure being washed away. Rail efficiency has also been impacted by theft, vandalism and wagon availability.

We dealt with these challenges in the following ways:

- Moving from containers to breakbulk
- Utilising road, rather than rail
- Shipping DP from Ngodwana Mill via the port of Maputo in Mozambique rather than Durban (Maputo is only 250 kilometres from the mill, while Durban is 650 kilometres)

In total, during FY2022, we exported approximately 20% of **SSA's** total DP production via breakbulk. While there are certain issues like congestion at the border related to exporting via Maputo, we will continue to assess the situation and maintain flexibility going forward.



Assessing

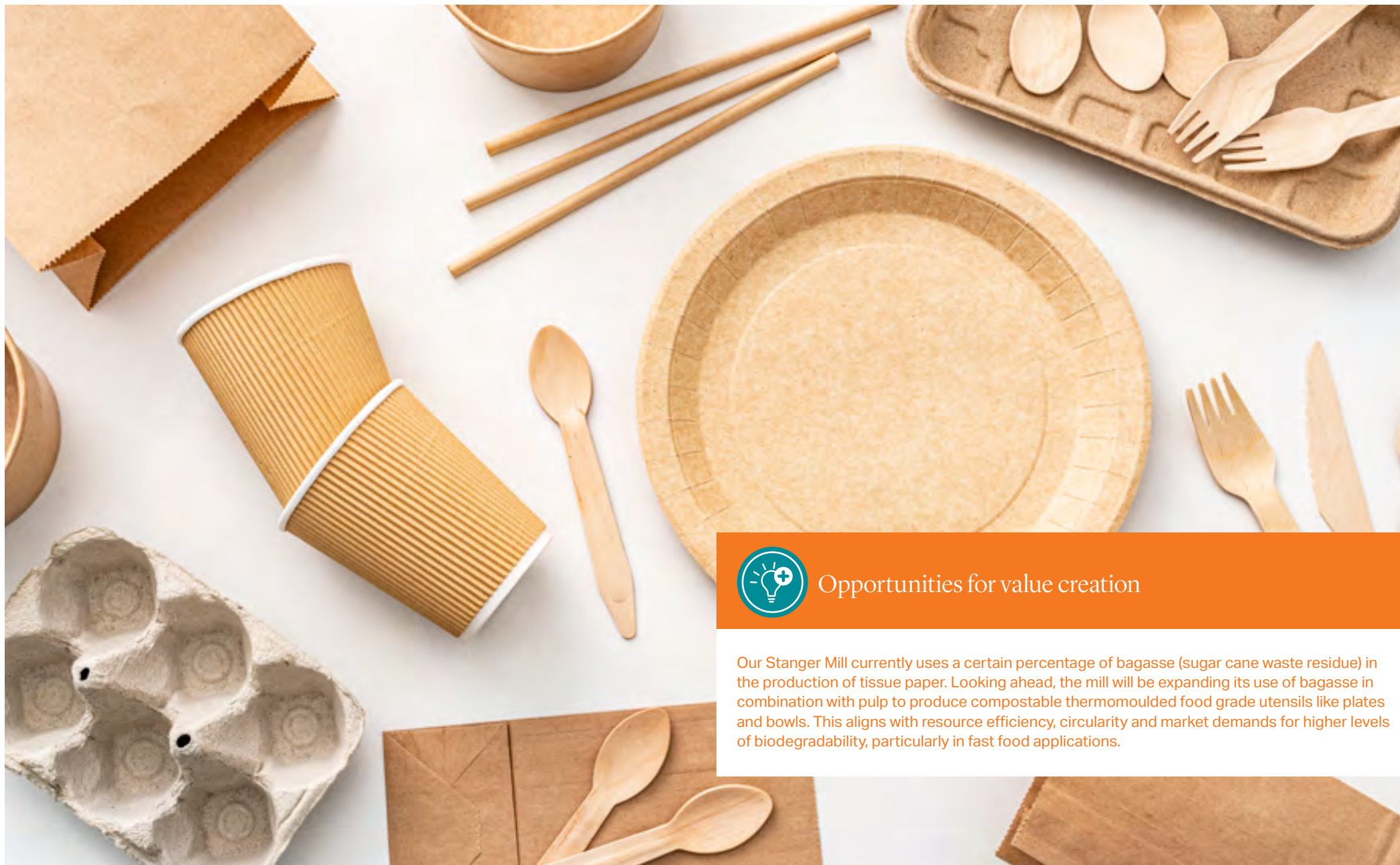
electric vehicles in Europe

The European Union has mandated the use of electric vehicle and hydrogen fuel-cell power starting in 2030. Last year, our teams in Europe began looking into the future by evaluating the use of electric trucks between Gratkorn Mill in Austria and one of our supplier's locations. After the promising results of the pilot study, they expanded the research.

The study identified that on average, a fleet of three electric trucks could satisfy 64% of the customer orders and 73% of product weight demand within the 100 km distance. Using this fleet of electric trucks instead of EURO VI diesel ones could reduce the direct CO₂ emissions by 144 tons per year if renewable electricity is used for charging, or 38 tons per year if the average German grid electricity is used (based on year 2021 values). Following these promising results, Sappi Europe together with local partners are now looking for subsidies to support the realisation of the project.

The project was led by Sappi's Digital Transformation Team together with the research team of Associate Professor. Athanasios Rentizelas of the Industrial Engineering Laboratory, National Technical University of Athens, in collaboration with the Sappi Wesel distribution centre in Germany. Together, they conducted a research project to evaluate the potential benefits from using electric heavy-duty trucks (BEV – Battery Electric Vehicles) and charging infrastructure for distribution of products to Sappi customers located in a distance up to 100 kilometres (kms) from Wesel.





Opportunities for value creation

Our Stanger Mill currently uses a certain percentage of bagasse (sugar cane waste residue) in the production of tissue paper. Looking ahead, the mill will be expanding its use of bagasse in combination with pulp to produce compostable thermomoulded food grade utensils like plates and bowls. This aligns with resource efficiency, circularity and market demands for higher levels of biodegradability, particularly in fast food applications.

Providing sustainable solutions for a circular bio-economy

VERVE

Why it's material

More than ever, sustainability is **dominating consumer priorities** and the fashion agenda. Consumers want to know where materials come from, how products are made, and whether the people involved are treated fairly. In response, more and more companies are expanding their sustainable assortments and working to boost the sustainability of their supply-chains. Demonstrating progress in sustainability is particularly important in **gaining the trust of younger fashion consumers**, as some 43 percent of Gen-Zers say they actively seek out companies that have a solid sustainability reputation.¹

Our DP brand, Verve, meets this need by creating renewable alternatives for raw material feedstock to pharmaceuticals, foodstuffs and textiles in particular. DP is a highly purified form of cellulose extracted from trees using unique cellulose chemistry technology. Sappi is one of the world's largest manufacturers of DP with a capacity of 1.4 million tons per annum and a 17% share of the global market.



How this issue links to other aspects of our business

Our global priority SDGs



Our top 10 risks

- 3.** Sustainability expectations
- 5.** Climate change
- 6.** Evolving technologies and consumer preferences
- 7.** Cyclical macro-economic factors

Our strategic fundamentals

- Grow our business
- Sustain our financial health
- Drive operational excellence
- Enhance trust

THE GLOBAL FORCES SHAPING OUR Thrive25 strategy

- Changing consumer and employee behaviour
- Shifting demographics
- Climate change and climate transition
- Resource scarcity and growing concern for natural capital

we are one of the
world's largest producers
of DP

¹ Page 89 Catherine Salfino, "How to Cultivate Loyalty with Next Gen Shoppers", Sourcing Journal, August 12, 2021, <https://sourcingjournal.com/topics/lifestyle-monitor/customer-loyalty-gen-z-shopperstiktok-salesforce-covid-19-cottonclothing-295476/>. Quoted on page 89 The State of Fashion 2022, McKinsey.

Providing sustainable solutions for a circular bio-economy *continued*

Our highlights

- Strengthened our competitive position in the DP market with the expansion of Saiccor Mill
- Visit by members of the Textile Exchange and retail industry to Saiccor Mill helped to highlight the role the mill plays in the lyocell value chain and potentially the reduction in the value chain's science-based targets

Key developments in FY2022

“Today, we are witnessing far more than a financial investment. We are witnessing an investment in infrastructure, people, innovation, technology and sustainability. It is an investment in community development, in the local economy, in our export capacity and in the industrialisation of our economy.”

Those are the words of South African President Cyril Ramaphosa, who officially opened our **ZAR7.7 billion DP capacity expansion project at Saiccor Mill** in September 2022.

This significant investment secures our leading position in a rapidly growing market – estimated to be growing at 3.2% CAGR per annum¹. In addition to expanding capacity by 110,000 tons per annum, the project has significant environmental benefits: The conversion of the calcium cooking line to the more sustainable magnesium bisulphite line has reduced the need for coal-based power generation, thereby halving fossil fuel carbon emissions. Other environmental benefits include the reduction of sulphur dioxide, specific water use efficiency improving by 17%, water consumption reducing by 5% and waste to landfill from coal ash decreasing by 48%.

New technology includes improved washing technology to optimise water and energy efficiency; optimised cooking technology for improved pulp quality control; the application of robotics to facilitate debottlenecking; as well as shop-floor digitisation for improved commissioning, control and operational efficiency.

A significant development from a marketing point of view was the **segmentation of the Verve brand** to reflect different target markets:

- Verve Advantage – a lyocell grade primarily aimed at textile markets in which Sappi Verve supplies more than 50% of the global requirement
- Verve Performer – a viscose grade for the textile and sponge markets

- Verve Elements – a speciality grade focused on the pharmaceutical, micro-crystalline cellulose (MCC) and ethers markets

This brand architecture has strengthened Verve as the **Fibre of Choice** by expanding our reach throughout the value chain and providing an identifier through to retailer level.

The Higg Index suite of tools, developed by the Sustainable Apparel Coalition (SAC), aims to standardise the measurement of value chain sustainability. Under our membership of the SAC, we are required to undertake **Higg self-assessments** for social and labour performance (FLSM), together with environmental performance (FEM) annually. Our Cloquet Mill was recently one of the first dissolving pulp (DP) facilities to complete an external environmental-management verification process. The mill achieved a final score of 84% on the Higg FEM audit, receiving a verified score of 100% across energy, water, and wastewater management. These results highlight the mill's high levels of resource efficiency and emission control and reinforce our brand positioning.

By 2025, landfills in the EU will no longer accept textile waste in terms of recycled textiles. In the light of this and consumer pressure for recycled textiles, we continue to assess potential textile recycling partnership opportunities to produce pulp from recycled textiles. We plan to evaluate opportunities to pulp other sustainable materials in addition to wood but are not convinced that this is a viable growth avenue for Sappi.

ENHANCING traceability

Verve's partnership with Birla on 'Green Track' blockchain technology provides a forest-to-garment traceability solution for brand owners. Through this collaborative partnership, our branded dissolving pulp, Sappi Verve, continues to strengthen its sustainability credentials within the textile industry. Providing a brand-owner traceability solution has been made possible with the use of Birla's pioneering 'Green Track' blockchain technology, coupled with Sappi's comprehensive database on wood origin for its dissolving pulp operations in South Africa and the USA. This is a significant advantage, given the estimate that only 5% of textile brand-owners can trace their raw materials to origin. Birla has recently agreed to two of South Africa's major fashion retailers joining 'Green Track'.

¹ Dissolving Pulp Market Size, Share, Growth, And Industry Growth by Type (Eucalyptus Type, Pinewood Type and Other Type) By Application (Viscose, Cellulose Acetate and Cellulose Ether, and Others), Regional Forecast (2022 – 2028), published September 2022.



Opportunities for value creation

In the light of growing concerns about climate change, engagement with our customers on this topic is an opportunity to enhance trust in line with our Thrive25 Strategy.

Our DP business is engaging on climate related topics with four customers headquartered in Austria, India, Japan and China. Together they make up approximately 80% of DP supply from South Africa and North America. Engagement involves sharing our Scope 1, 2 and 3 emissions for DP – in other words, these customers' Scope 3 emissions. We report progress against targets annually to these customers. Through engagement with both our suppliers and our customers, we can collaborate to achieve meaningful decarbonisation through our value chain.

Providing sustainable solutions for a circular bio-economy *continued*

BIOTECH

Why it's material

Our commitment is to do more with less by making the most out of every tree used in our production processes. Our focus on circular design and adjacent markets enables us to **achieve stronger value chain relationships** and enhanced revenue stream opportunities.



How this issue links to other aspects of our business

Our global priority SDGs



Our top 10 risks

- 3.** Sustainability expectations
- 6.** Evolving technologies and consumer preferences
- 7.** Cyclical macro-economic factors
- 10.** Liquidity

Our strategic fundamentals

- Grow our business
- Sustain our financial health
- Drive operational excellence

THE GLOBAL FORCES SHAPING OUR Thrive25 strategy

- Move towards a circular economy
- Changing consumer and employee behaviour
- Climate change and climate transition
- Resource scarcity and growing concern for natural capital

circular design
enables enhanced
revenue stream
opportunities

Providing sustainable solutions for a circular bio-economy *continued*

Our highlights

- 25% sales revenue growth in lignin
- Accelerating sales of Pelletin
- Development of translucent Valida
- First commercial unit for Valida commissioned
- Sappi Symbio option with 90% cellulose content launched

Key developments in FY2022

A positive development was accelerated demand for **lignin**, with year-on-year sales revenue growth of approximately 25%.

Our Biotech lignin strategy has always been to expand beyond commodity markets to niche markets. We are achieving this, with strong demand allowing us to test value-add in various applications. One such area is in crop protection and nutrition. Sappi Forests Shaw Research Centre is working with Cedara Agricultural College and the Seedling Growers Association of South Africa to establish nutritional uptake and protection against plant pathogens which impact crops like avocados, potatoes and tomatoes and are a global challenge for food security. We have also developed several commercial products which enhance the efficacy of industrial fertilisers and help improve the absorption of macro- and micro-nutrients for improved crop production.

Sales of **Sappi Pelletin**, first launched in 2020 and used as a binder in animal feed product to enhance

durability and strength, continued to gain traction. The product has now been registered in several export markets with more registrations due.

Independent studies demonstrate that Sappi's lignin product has anti-microbial properties which help in feed preservation. Use in animal feed can enhance gut health and lead to enhanced poultry and milk production.

Our **Valida fibrillated cellulose** offers a natural, biodegradable alternative for diverse applications ranging from automotive foam, lightweight concrete, multi-colour paint, pesticides, shampoo, skin care and wound care. Valida is also being assessed for use in adhesives, frost protection for fruit trees, industrial cleaning, to name a few. Other avenues of opportunity include controlled release fertilisers, sun protection and paper and packaging. We are already using Valida in our own paper production where its value lies in the strength it imparts to paper and its barrier functionality. Another important development in FY2022, in response to market demand, was the development of **translucent Valida** for use in cosmetics and other markets where this product property is highly valued.

Recognising that some applications require a dry Valida product, we have produced this at pilot scale and are testing the product with customers in the market.

Our Valida pilot plant in The Netherlands continues to run at capacity and we have commissioned our first commercial unit at Carmignano Mill in Italy. Plans to further scale-up capacity for Valida-S grades are ongoing.

Produced from C5 sugars (sugar derived from non-food biomass) in hemicellulose through hydrolysis and dehydration, **furfural** is a platform chemical for the production of numerous biochemicals. Its uses range from adhesives, antacids, fertilisers, flavouring compounds, inks and plastics, to solvents for the refining of lubricating oils. It can also be used as a fungicide, nematocide and weed killer or converted to furfural alcohol for furan resins. We have established a pilot plant at Saiccor Mill and will be taking a decision on a commercial plant in 2023.

In terms of **xylose**, we have proven the technology to extract xylose sugar from our kraft prehydrolysis cooking process and are in ongoing discussions with potential market partners to develop commercial opportunities for bio-based products from this sustainable feedstock

Our **Sappi Symbio** product, a natural composite material combining high quality cellulose from wood and thermoplastics, aligns with our drive to make everyday materials more sustainable. It can be used in standard processing equipment, such as injection moulding and extrusion and in a wide range of applications across furniture, consumer electronics and automotive components.

We have now developed a Sappi Symbio option with 90% cellulose content to offer enhanced sustainability advantages and higher value to compounders and end users.

As previously reported, in FY2021, commercialisation gained traction with uptake by a major automotive manufacturer in the United States. Against the backdrop of the knock-on

effect of Covid-19, development activities in the auto industry slowed. However, we continued to engage in testing and trials with several automotive manufacturers around the world, many of whom have defined 'green' targets. We expect further momentum to commercialise Symbio in FY2023 as these projects move to completion.





Opportunities for value creation

We support the drive to improve the productivity of food production and food security by harnessing the unique properties of wood acids, wood sugars and wood lignin in our bio-based products to replace potentially harmful current incumbents. In crop production our bio-based products are an important source of soil organic carbon which contributes to soil organic matter and carbon sequestration. In addition, as a complexing agent, it makes critical trace elements available to plants. This holds significant promise for a world battling with issues of food security.

Responding to evolving customer needs

through innovation and collaboration

Why it's material

Innovation is critical to the future wellbeing of society and to driving economic growth. We are leveraging advances in artificial intelligence, machine learning, robotics and other technologies to meet the rapidly evolving needs of our customers all over the world. This is underpinned by our technical teams who help to deliver the new thinking, new products and new processes that establish the pathway to success. Our technical knowledge and prowess, along with a willingness to embrace innovation, helps to drive us forward firstly, by **taking us into new markets and introducing new products** and secondly, finding solutions for a new manufacturing reality in a low-carbon, bio-based circular economy.





How this issue links to other aspects of our business

Our global priority SDGs



Our top 10 risks

-  **3.** Sustainability expectations
-  **5.** Climate change
-  **6.** Evolving technologies and consumer preferences

Our strategic fundamentals

-  Grow our business
-  Sustain our financial health
-  Drive operational excellence
-  Enhance trust

THE GLOBAL FORCES SHAPING OUR Thrive25 strategy

- Move towards a circular economy
- Climate change and climate transition
- Resource scarcity and growing concern for natural capital

innovation
is critical to the future
wellbeing of society

Responding to evolving customer needs through innovation and collaboration *continued*

Our highlights

- R&D investment of US\$46 million (FY2021: US\$43 million)
- Finalists' entries in the **Technical Innovation Awards** represent net present value of US\$123 million at a 100% probability of success rate
- Production capacity for high-barrier papers expanded at Alfeld Mill
- **Ultracast Viva™** named the Product of the Year in the Business Intelligence Group's 2022 Sustainability Awards programme

Key developments in FY2022

Innovation Programme

Our Exciter R&D programme comprising global projects aligned with Thrive25 from all business segments: biotech, packaging and specialties, graphics and dissolving pulp, as well as scoping for new ideas. The focus of the projects, which are global and based on the OneSappi approach, has shifted to emphasise sustainability, together with packaging and specialties. Projects are progressed to commercialisation through an internally developed stage gate model.

Our R&D portfolio is focused on the following:

- Decarbonisation (energy, pulping, papermaking, bleaching, new technologies)
- Meeting the challenges of the packaging legislative environment with particular reference to single-use plastics, micro-plastics and recyclability
- Developing lignin value-add
- Assessing alternative pulping technologies
- Optimising the graphics paper sector and increasing focus on cost reduction
- Progressing Valida dry development from laboratory scale to pilot
- Environmental impact, including climate change risk; water treatment and product circularity in our products (recyclability, compostability and biodegradability).

Technical Innovation Awards

This theme for this year's annual Technical Innovation Awards was 'Think, Connect, Innovate!' The finalists' projects all aligned with our Thrive25 strategy - growth in packaging, product diversification, efficiency, productivity, and quality, as well as innovative and sustainable solutions which are a mix of new or improved products or optimised processes. Value delivery is integral to Thrive25 and finalists' projects ticked the boxes for economic and commercial value with a total calculated five-year net present value of US\$123.9 million at a 100% probability of success rate.

This year we refreshed the Technical Innovation Awards process by removing the limit of five people for team recognition and introduced a new category: Technical Excellence – projects across a broad range of technical aspects that help us achieve our OneSappi objectives, but which may not have reached the economic threshold. We also continued with the Commendation Awards for projects which have not yet reached commercialisation status due to changing or developing market conditions.

The global winners this year were the team from Ngodwana Mill in South Africa. The newsprint market was severely impacted by the Covid-19 pandemic and the mill's paper machine number 2 (PM2) was facing significant commercial downtime. Against this backdrop, the team implemented modifications to PM2 and developed new packaging grades for the recycled liner and flexible packaging papers markets.

Expanding production capacity at Alfeld Mill

Building on our comprehensive portfolio of high-barrier papers that ensure the optimum protection, we expanded production capacity for high-barrier papers at Alfeld Mill. The mill can now produce papers with an exceptionally high barrier even under the most demanding climatic conditions.

value delivery
is integral to
Thrive25

Responding to evolving customer needs through innovation and collaboration *continued*

Right on schedule for high-barrier paper innovation at Alfeld Mill

Beginning in September 2022, Alfeld Mill in Germany began putting its cutting-edge coating machine into operation for high-barrier papers that offer an exciting sustainable alternative to traditional film and foil-based materials.

While these papers are in extremely high demand, including to meet ever stricter regulatory requirements, industry has been slow to develop viable solutions. Given Sappi's in-house technology, we have been able to demonstrate a viable solution and are on schedule to begin production for the market in calendar 2023.

The highlighted in-house technology will not only increase Sappi's coating capabilities, but also boost development of more innovative solutions for sustainable packaging together with our customers. In addition, customers will benefit from higher production capacity and a shorter supply-chain. Moreover, Sappi intends



to tap into new customer groups through the unique combination of paper and dispersion coating technology, offering even more competitive and attractive paper packaging solutions.

The investment at Alfeld Mill strengthens Sappi's position as the leading global provider of sustainable paper packaging solutions. With the construction of two new buildings, the optimal infrastructure for the innovative machine was established in 2021. Works are continuing onsite according to plan with teams excited to be part of this "industry-first" breakthrough with completely novel technology.

Meeting evolving customer demand

We expanded production of our successful Fusion Topliner white grade from Ehingen Mill in Germany to Gratkorn Mill in Austria. Fusion Topliner, a white virgin fibre liner for high-quality corrugated packaging, is now **the most widely used corrugated liner made from pure virgin fibre**. It is recommended for applications such as premium quality consumer goods packaging and point of sale displays – where high visual impact and differentiation are key. The product also stands out with exceptional strength and versatility. Volume availability will be increased month by month to support the expected growth of our customers, and to satisfy large requirements in the corrugated board business.

We launched **Raw**, a unique graphic paper that provides users with the reliable print performance typical of coated papers, but with the touch, feel and high whiteness/high bulk appearance of an uncoated paper. By stimulating the sense of touch in addition to vision. Raw helps create deeper connections for consumers. Available for litho printing in sheets from 115-300gsm and suitable for dry toner printing, the paper will run on HP Indigo digital presses without primer.

Another new addition to our portfolio is **Crystalcon**, an uncoated, translucent paper. By combining Crystalcon with Sappi Seal with we can offer manufacturers a compostable, recyclable packaging solution that is well suited to both food and non-food applications. Although not completely transparent, the new paper allows sufficient visibility for consumers to examine the packaged product.

Featuring enough transparency to make the packaged product clearly visible, it can be used as a sustainable alternative to film and is both recyclable and compostable. Potential applications range from pasta or rice packaging to magazines, as well as packaging for goods from virtually all product segments – from small electronic devices to clothes. It also significantly contributes to establishing paper as primary packaging material in the market.

In addition, a new board packaging offering called **Proto Blister** was provided to the North American market this year. This product's unique combination of surface strength, stiffness and printability allows for high performance graphic backing for the clear blister pack which encloses the packaged product. It's yet another example of paper-based packaging quality.

Building on 80 years of experience in technological innovation and evolution in the release paper industry, we launched **Arrio**, a decorative laminate surface solution that delivers remarkable aesthetics, premium haptics and scratch and fingerprint resistance for high-wear surfaces. Arrio, which offers a superior surface to conventional melamine in aesthetics and performance, is a perfect solution for decorative and functional surfaces on furniture, work surfaces, kitchen cabinetry and more. The durable acrylic surface extends product lifetime and does not require application or removal of protective film layers, thus reducing manufacturing costs and waste.

Responding to evolving customer needs through innovation and collaboration *continued*

It also provides superior haptics, including super matte, smooth touch and high-colour intensity surfaces, and it is suitable for single radius wrapping applications. Offered initially in a super matte, fingerprint resistant, soft touch texture called Matte Haven on black décor, the Arrio platform will continue to develop with the future addition of texture and décor colour options.

Winning ... and winning... and winning ... with Spectro

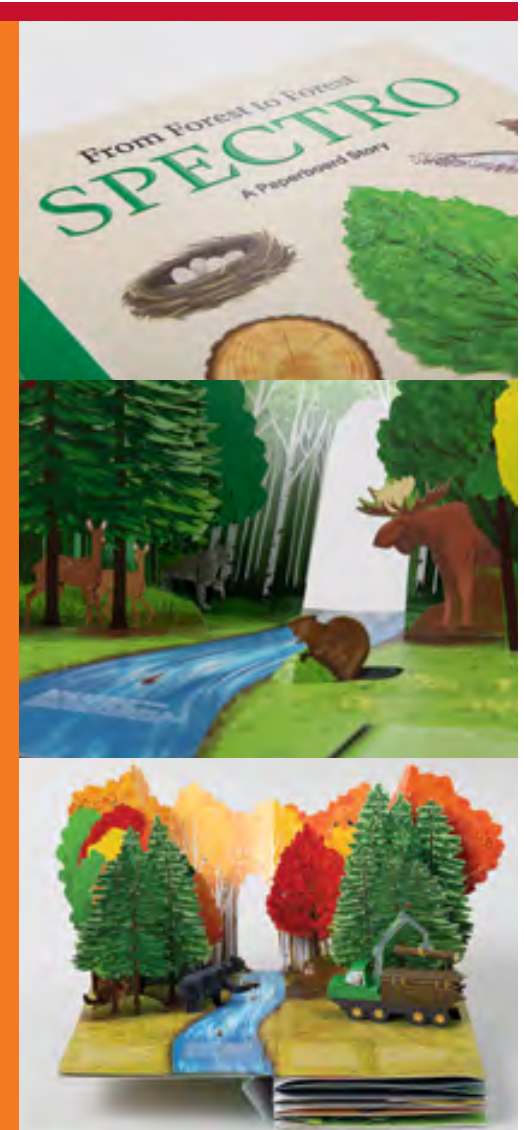
Our recent pop-up book, *From Forest to Forest—Spectro: A Paperboard Story*, won the Graphic Design USA Award for the Brochures and Collateral category, a Bronze Award in the International Design Awards' Graphic Design category, and third place in PRINT Awards for brochures and catalogues.

The award-winning pop-up book is made from Sappi's premium line of paperboard, Spectro®. It highlights our responsible forestry management and communicates our commitment to leaving forests better than we found them.

From Forest to Forest demonstrates that Sappi is working toward a future where paperboard can become a sustainable alternative to single-use plastics in packaging and marketing materials. It all starts with our foresters' active forest management, which keeps trees growing at a faster rate over a longer period and involves lean, minimal waste manufacturing from our mills, all of which maximise our resources and the quality of our paperboard.



Scan here
to see more.



Responding to evolving customer needs through innovation and collaboration *continued*



Recognition for Ultracast Viva

Ultracast Viva™ (UC Viva), a textured release paper line, created the industry's first premium high-fidelity casting paper compatible with solvent-free systems. UC Viva was named the **Product of the Year** in the Business Intelligence Group's 2022 Sustainability Awards programme. The Sustainability Awards honour the people, teams and organisations who have made sustainability an integral part of their business practice or overall mission.

Amid a global movement to limit or eliminate the use of solvent-based casting systems, UC Viva is a revolutionary development showing that products developed for solvent-free systems can be reliable and high functioning. Using a proprietary process, UC Viva brings to market performance improvements that are more compatible than ever with green chemistry systems, including benefits from its increased reusability and easier handling with expanded temperature limits.

Created with a commitment to forward-looking sustainability practices and environmentally friendly manufacturing, UC Viva is the innovative answer for more responsible solutions to reduce pollution.





Opportunities for value creation

In North America, we are running a pilot programme for key customers which involves a carbon neutral option on **Spectro** and **Proto** packaging products. We will take a decision on the way forward once the pilot ends in March 2023.

EMBODY

People

Building a thriving world – together

As OneSappi, united in purpose, we are creators, seeking out and investing in breakthroughs that enable lasting, positive outcomes for our stakeholders and **a lighter footprint on the world**. Together, we are unlocking value for our colleagues and our communities, meeting the needs of a growing, evolving society and using our expertise to create a sustainable future.

Covid-19 changed many things, but it did not change our commitment to build a thriving world and take Sappi into the future – together.



United Nations Global Compact (UNGC)

Principle 1:

Business should support and respect the protection of internationally proclaimed human rights.

UNGC Principle 2:

Make sure their own corporations are not complicit in human rights abuses.

UNGC Principle 3:

Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining.

UNGC Principle 4:

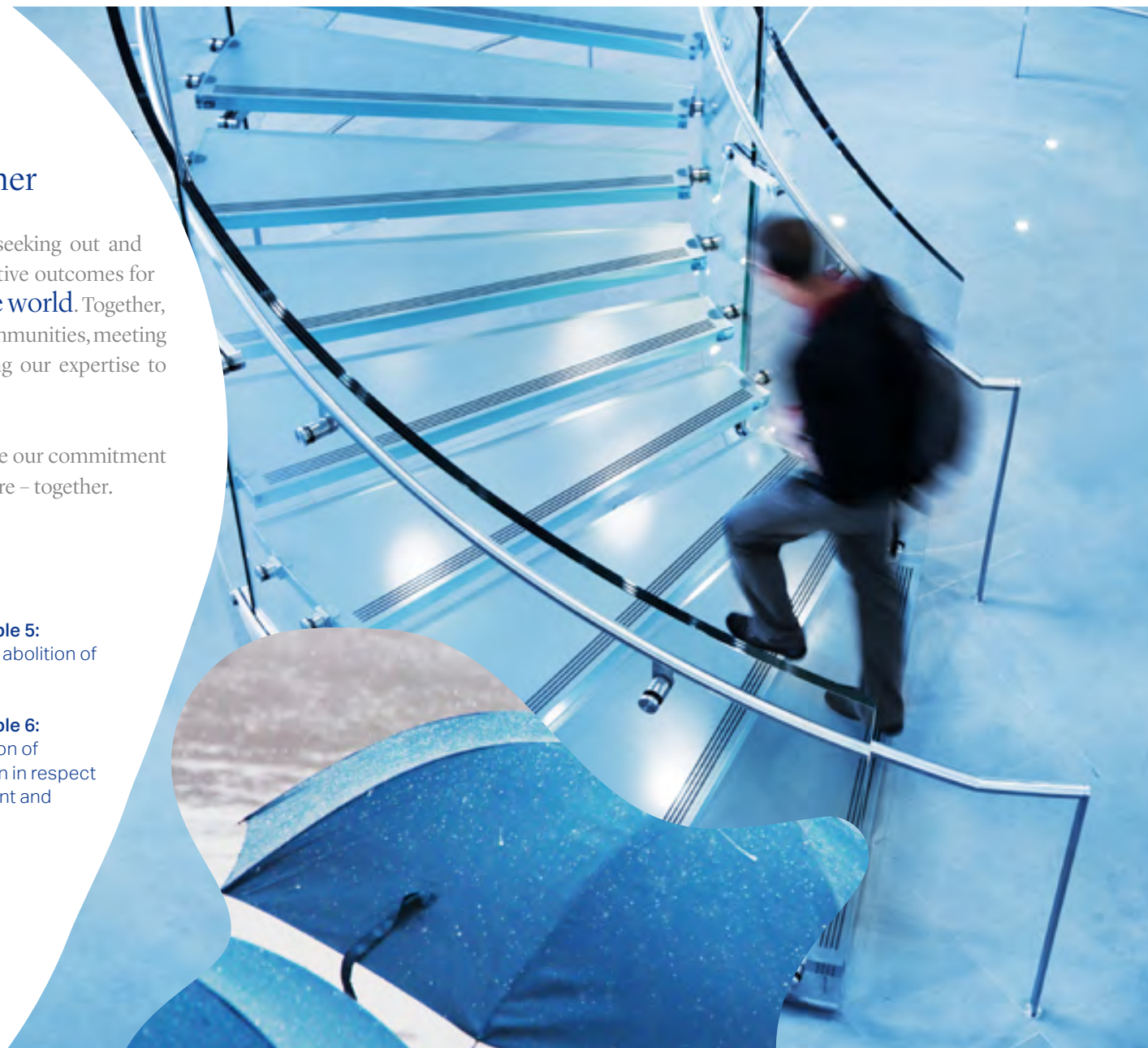
The elimination of all forms of forced and compulsory labour.

UNGC Principle 5:

The effective abolition of child labour.

UNGC Principle 6:

The elimination of discrimination in respect of employment and occupation.



Our 2022 performance at a glance

Our people¹ Per region:



SEU:

6,049



SNA:

2,188



SSA:

5,252

Approximately **9,350**
people are employed by Sappi
Forests' contractors.

Our people² Per gender:

Women: **2,725**Men: **10,757**

Our people Per age (Sappi Limited):

15.86% below 30**48.33%** are between
30 and 50while **35.51%** are above 50

46.89 hours of training
per employee (global average, of which
61.09% allocated to **skills training** and
38.91% allocated to **compliance training**³)

US\$602.42
average training spend per employee

13% year-on-year **increase**
in social investment
spend in South Africa

¹ The people numbers given here differ from those supplied in the annual integrated report as the numbers in the latter are supplied by Finance which calculates numbers differently from Human Resources (HR). Those given here are supplied by HR.

² The gender of seven people in SNA has not been disclosed.

³ Compliance training is defined as mandatory training such as Code of Ethics, Anti-Trust, Intellectual Property, or Anti-Bribery training. Compliance covers regulatory and legal matters that employees need to be aware of, but that will not necessarily make them more effective at their work. Skills improvement is training that is designed to improve employee effectiveness.

Our management approach to

People

Promoting diversity and inclusion

Our collaborative culture invites diverse perspectives, inspires new ways of thinking and unleashes organisational creativity. Our diverse workplace benefits different skill sets and backgrounds, as well as unique ways of doing things and divergent ways of thinking innovatively. These in turn enhance our ability to service diverse, rapidly evolving global markets.

We celebrate our differences and strive to create a workplace free from discrimination and harassment; acknowledging and accepting differences among our people in age, nationality, class, ethnicity, gender, physical ability, race, sexual orientation and spiritual practice. We view diversity as a key driver that enhances our competitiveness and viability as a business and contributes to a thriving world.

Accordingly, we have established a 2025 global target to promote gender diversity at a senior level. In addition, under our **SSA** 2025 targets we are striving to enhance our BBBEE-related performance, which includes goals for racial diversity.

Percentage gender diversity at senior level in 2022¹

	Female	Male
SEU	16.67%	83.33%
SNA	22.90%	77.10%
SSA	27.46%	72.54%
Sappi group	22.49%	77.51%

¹ HR level 19 and above.

Providing a platform for women in SSA

The aim of SSA's Gender Committee is to accelerate equality, leadership and opportunities for men and women within Sappi and to value men and women as equal contributors, to respect them and celebrate their difference. The committee works to:

- Create a workplace that is free from discrimination, harassment, bullying and violence
- Support women and LGBTQ employees and identify barriers that hinder the development and advancement of these groups in Sappi
- Implement appropriate measures to address and eliminate barriers
- Review policies with specific focus on supporting women and men in the business (such as the maternity and anti-bullying policies, as well as flexible working arrangement)

Women of Worth (WOW), which falls under this committee, is a platform to promote and build a professional network among women in Sappi. WOW's objective is to create a safe space where women are given a platform to freely discuss their development needs, career challenges, opportunities and aspirations within their careers. Other areas of focus include wellbeing, as well as personal goals and opportunities



Our management approach to People

continued

Unlocking value for others

We work to unlock value not only for our own people, but also those for our neighbouring communities through targeted social investment, social impact and shared value programmes.

Read more: [Creating a positive social impact in our communities](#). We also unlock value for our customers by offering a wide range of products based on natural, renewable resources.

Monitoring turnover and new hires

Staff turnover is the result of retirements, resignations or changed business requirements. This brings new people with new skills into the business to drive innovation and a fresh approach while maintaining a certain level of continuity. However, there are costs to constant turnover, and employees who grow with Sappi add value based on their institutional knowledge and their understanding of our culture, customers and products. Accordingly, we monitor turnover very carefully. Our global voluntary and involuntary (total) turnover rate for 2021 was 8.41% (FY2021: 8.3%). Globally, voluntary turnover was 6.15% (FY2021: 5.16%).

We also monitor turnover by gender as should this be very high, it could indicate a problem with attitudes or limited career opportunities for women. However, as indicated in the table alongside, this is not the case.

Voluntary turnover by gender (as a percentage of the number of employees per gender)

	Female	Male
SEU	12.16%	6.34%
SNA	12.29%	11.03%
SSA	2.76%	2.79%
Sappi group	7.05%	5.89%

Recompensing fairly and rewarding high performance

Our labour standards ensure that our remuneration practices are fair, with compensation levels set to reflect competitive market practices and internal equity as well as company and individual performance. In all three regions, labour is sourced on the open market. In rural areas, forest products companies like ours are often the only, or major, employers - this makes the local population very dependent on the company and that could, in turn, lead to exploitative behaviour and an indirect form of forced labour. Recognising this, we ensure we pay market-related wages in line with or above local legislation.

Our recognition programmes are discussed in [Our key relationships](#).

Income differentials between genders FY2022

	Female comparative ratio	Male comparative ratio	Number of employees included
SEU	86.4%	94.58%	1,192
SNA	99.67%	103.47%	688
SSA	103.14%	107.91%	1,780
Sappi group	96.11%	103.07%	3,660

The data used in this comparison is the comparative ratio against the midpoint of the person's salary scale. This is only measured for permanent employees as fixed term contractors are generally not linked to specific grade-based salary scales. Employees who are not graded, or not linked to salary scales, are not included.



Recognising
all staff in SEU

For the past 12 years the **Coryphaena award** has celebrated SEU individuals who have either achieved a stunning breakthrough for the company, or who over the years have made an outstanding contribution to the company, frequently outside their normal assignment.

This year, the final Coryphaena Award was presented during the European Management conference to all **Sappi Europe employees**.

The award was made on the basis of the outstanding achievements made by all staff building towards **SEU's** record FY2022 financial performance, following some challenging years.

It was a way of recognising every employee for their collective efforts.



Marco Eikelenboom, CEO Sappi Europe (kneeling on right) with SEU employees. The glass trophy awarded to the recipients is a masterpiece created by the famous Venetian glass master, Maestro Signoretto. The sculpture is in the shape of a book and contains a feather to symbolise the modest pride that every winner should have.

Our management approach to People

continued

Ensuring disciplined behaviour

Disciplined behaviour is essential not only for individual wellbeing, but also to ensure our group goals and objectives. In each region, disciplinary codes ensure disciplinary procedures, while grievance policies entrench the rights of employees, including the right to raise a grievance without fear of victimisation, the right to seek guidance and assistance from a member of the Human Resources department, or their representative, at any time and the right to appeal to a higher body, without prejudice.

Read more:

Group Human Resources Policy,

 <https://www.sappi.com/grouphrpolicy>

 Group Human Rights Policy,

<https://www.sappi.com/grouphumanrightspolicy>



Please refer to **Our 2022 People indicators** on [www.sappi.com/2022 GSDR-People-indicators](https://www.sappi.com/2022-GSDR-People-indicators) for tables detailing

- Total workforce by level and gender
- Gender split per region
- Workforce profile by gender and nature of employment
- Workforce by minority group (numbers)
- Gender and age split at executive level
- New hires (internal and external) by age group, gender and region
- New external hires: gender percentages
- All exits: voluntary and involuntary
- Voluntary exits as a percentage of permanent employees (voluntary turnover)
- Voluntary exits only (resignations)
- Absenteeism rate by gender and overall
- Total turnover rate (voluntary and involuntary)
- Voluntary turnover by gender – voluntary exits as a percentage of the number of employees per gender
- Voluntary and involuntary exits by gender, age category and region



Ensuring the safety of our
employees and contractors

Why it's material

Our vision of a thriving world is based on safety, which is why it is the core value on which all our other values are based: As OneSappi, we do business safely, with integrity and courage, making smart decisions that we execute with speed. Our maturing **safety culture** which reinforces **safety as a shared responsibility** is helping to save lives and empower people, while improving business performance and making a positive impact on our operations.

reinforcing
safety
as a
shared responsibility



How this issue links to other aspects of our business

Our global priority SDGs



Our top 10 risks



1. Safety



9. Employee relations

Our strategic fundamentals



Grow our business



Drive operational excellence



Enhance trust

THE GLOBAL FORCES
SHAPING OUR
Thrive25 strategy

- Rising social inequality and growing social activism with increased expectations of business

Ensuring the safety of our employees and contractors *continued*



LTI	A lost-time injury
NLTI	A non-lost-time injury
LTIFR	The lost-time injury frequency rate, calculated by dividing the number of lost-time injuries and a group-wide standard for work hours by the unit's work hours, i.e., $LTIFR = \frac{LTI \times 200\,000}{\text{unit's actual work hours}}$
LTISR	The lost-time injury severity rating which, like the lost-time injury frequency rate, is calculated by dividing the product of the number of days lost to the injury and the group-wide standard hours by the unit's work hours, i.e. $LTISR = \frac{\text{Number of days lost} \times 200\,000}{\text{actual work hours}}$
II	The Injury Index is a product of the LTIFR and the LTISR and provides an overall sense of safety within the measured unit, i.e. $II = LTIFR \times LTISR$
AIFR	The All-Injury Frequency Rate which is calculated by adding $(LTI + NLTI) \times 200\,000 / \text{actual work hours}$
OIR	OSHA Incidence Rate is applicable only to SNA and is arrived at by taking the number of recordable incidents $\times 200\,000 / \text{work hours}$. A recordable incident is any report to a medical practitioner.

Our highlights

- Zero fatalities and continuous improvement in safety performance
- Management incentives expanded to include LTIFR and LTISR for contractors in addition to own employees

Key developments in FY2022

Covid-19

The impacts of the Covid-19 pandemic lessened over the year. However, there were still sporadic cases which were dealt with through preventative absenteeism. All operations and sites continued with sanitising and hygiene protocols, social distancing, self-declaration health check requirements with ongoing engagement and communications for the necessity of self-awareness at work and at home. In South Africa we provided vaccination services in our onsite clinics for all employees and family members.

Global safety awareness week

For the third consecutive year, the theme of Global Safety Awareness Week was 'I value life'. The lifting of Covid-19 related restrictions allowed for face-to-face engagements across the group. Activities, which were open to all Sappi staff and contractors across the group focused on promoting situational awareness and understanding risks and hazards.

Occupational safety

All three regions within the group have safety programmes and processes that have the objective of creating an environment where no person will suffer permanent disability or loss of life. Our global Project Zero initiative aims to accelerate improved safety performance in areas of concern and to develop a safety awareness culture in all parts of our business. The initiative includes integrated health and safety planning and management; training at all levels; participative information and control structures and adherence to international best practice and safety standards.

Our view and approach are that injuries and accidents are not inevitable. This is underpinned by risk assessments, group sharing of all incidents and root cause investigations, enforcement of compliance and leadership engagement with our people.



Ensuring the safety of our employees and contractors *continued*

In terms of **group** safety performance, all regions showed continuous improvement. A key highlight was the fact that, for the second consecutive year, there were no fatalities. Safety performance was as follows:

- The combined (own employees and contractors) LTIFR was 0.30 against a target of <0.37
- The combined (own employees and contractors) lost-time injury severity rate was 9.31 – almost half the target of 17.08
- The combined Injury Index was 2.81 compared with the target of 6.15

SEU managed to reverse the previous year's disappointing performance, achieving a combined employee and contractor LTIFR of 0.55 vs a target of 0.66. The Injury Index (II) for own employees and contractors also improved, showing the best-ever performance over the last five years. This performance was underpinned by a safety communication campaign featuring a handbook (see opposite) and posters, all of which focused attention on frequent injuries and reinforced the fact that nothing is so important than it cannot be done safely.

Safety performance in **SNA** was excellent with a record low combined employee and contractor LTIFR of 0.18 compared to a target of 0.38.

Safety performance in **SSA** continued to improve, with a best ever combined employee and contractor LTIFR of 0.26 against a target of 0.29.

Looking forward, regions will continue to encourage the reporting of near misses and NLTIs (non-lost time injuries) and ongoing improvements in safety suggestion schemes. We remain committed to reducing the impact of injuries on our workforce. By involving all personnel, sharing information, and managing risk in accordance with accepted best practice, we will aim to reduce the occurrence and severity of accidents and NLTIs.

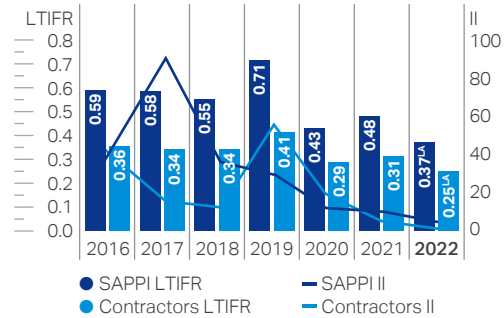


SAFETY HANDBOOK



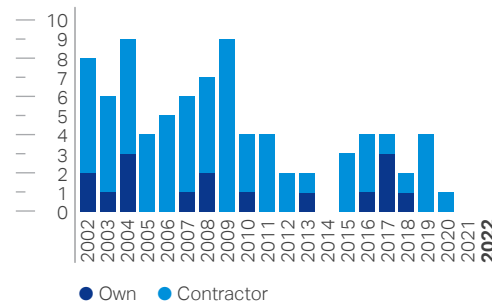
Ensuring the safety of our employees and contractors *continued*

Sappi group LTIFR and II for own and contractors



We calculate LTIFR by dividing the product of lost-time injuries and a group-wide standard for work hours by the unit's work hours, ie $LTIFR = LTI * 200\,000 / \text{unit's actual work hours}$.

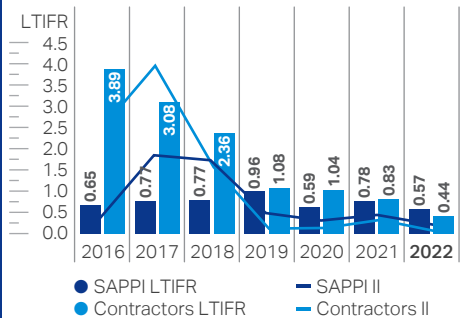
Sappi group – combined fatalities



For the second consecutive year, there were no fatalities.

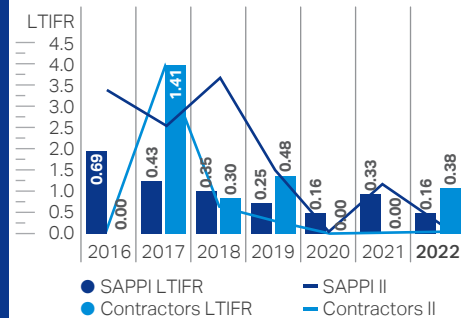
Regional safety performance

SEU LTIFR



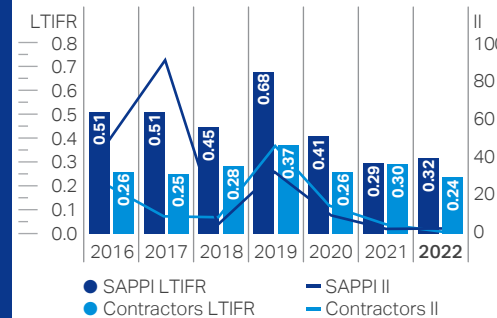
SEU demonstrated a positive turnaround on both LTIFR and II. There were 31 LTIs – a significant decrease from 42 LTIs in FY2021. Alfeld set a new SEU LTI-free period of 1.9 million manhours. There were no LTIs at Ehingen, Maastricht and Stockstadt Mills.

SNA LTIFR



Safety performance in SNA was excellent. There were five LTIs (down from six in FY2021) – three at Cloquet Mill and one each at Somerset and Westbrook Mills.

SSA LTIFR



Performance in SSA was stable, with the best-ever combined LTIFR standing at 0.26 and promising contractor performance in certain forestry operations. There were 56 LTIs in the region.



Ensuring the safety of our employees and contractors *continued*

Driving our safety-first culture through continued focus in key areas


SEU

We are:

- Developing maturity of the roll-out of audits aligned with Safety Handbook protocols across all operating units
- Consolidating various lead indicator metrics through the safety and manufacturing platforms including focus on Last Minute Risk Assessments (LMRAs), behaviour-based safety (BBS) audits and thorough Root Cause Analysis (RCA) incident investigations

SNA

Our plans include:

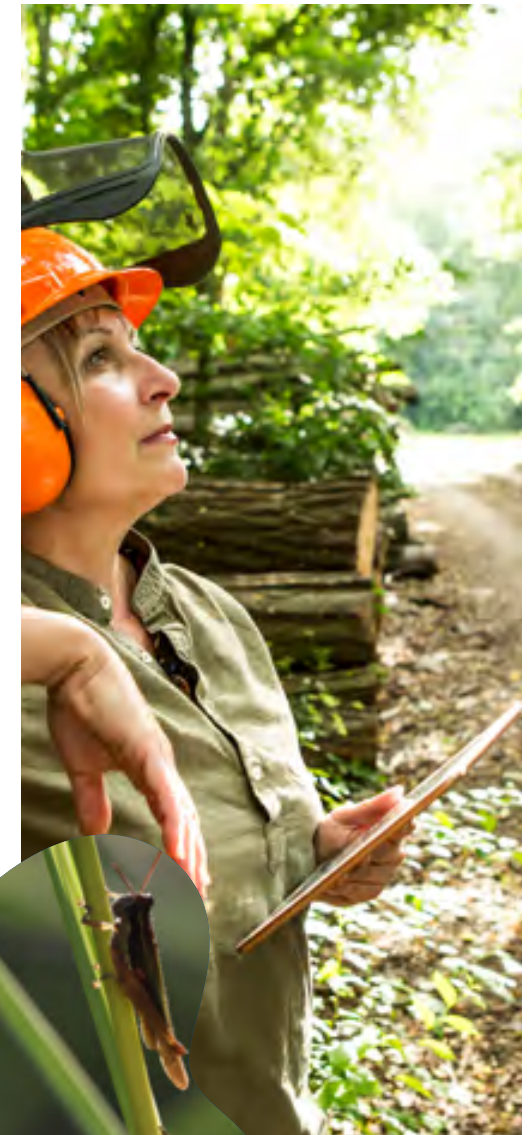
- Introducing Safety Impact Awards for ongoing engagement and recognition.
-  [Opportunities for value creation](#)
- Conducting safety conversation training
- Driving the traction of leading indicators continues at all sites with an emphasis on site-based recognition
- Leveraging safety KPI dashboards and developing best practice using statistical trends with the current focus on site hand injuries
- Probing and grouping of cultural/behavioural factors as part of incident investigations to enable aligned action focus

- Performing pre-task risk assessments
- Collaborating with contractors to ensure alignment with Sappi protocols

SSA

Our areas of ongoing focus include:

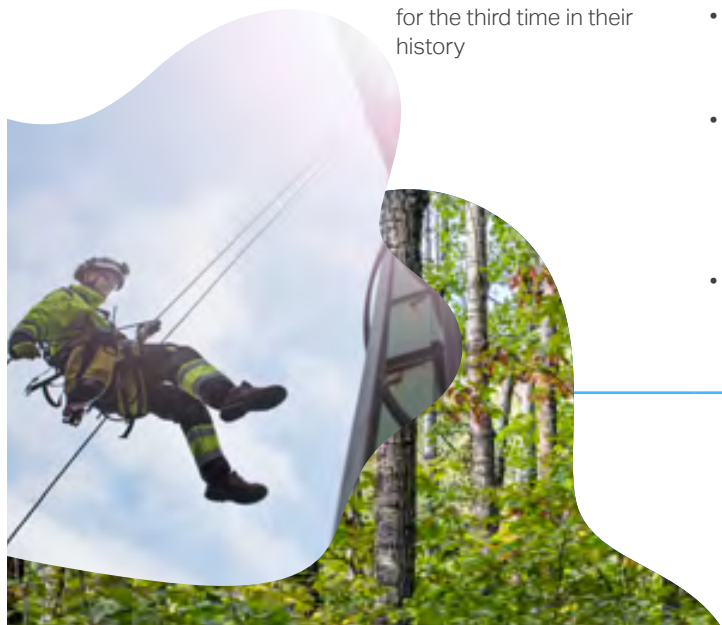
- Incorporating Sappi Forests 'Stop, Think before you Act' programme into mill operations
- Behaviour and culture – Lean and Me alignment and maturity growth of visible Felt Leadership engagement
- Rejuvenating the Life Saving Rules (see the next column)
- Ensuring contractor management, integration and capacity building
- Focusing on the structural integrity of redundant plant
- Continuing to recognise employees and contractors, who have been instrumental in building the Sappi safety culture, through the annual safety excellence awards recognition ceremony



Ensuring the safety of our employees and contractors *continued*

Regional milestones

SEU	SNA	SSA
<ul style="list-style-type: none"> Combined (own and employee) LTIFR record with a rate of 0.55 representing a 20% improvement from the previous record of 0.65 set in 2020 One million zero lost-time hours at Alfeld, Ehingen and Stockstadt Mills Record low injury severity rate 	<ul style="list-style-type: none"> Somerset achieved three million LTI free manhours, setting a new site and SNA record Matane Mill, Allentown and the Technology Centre have set significant milestones with over 1,904, 2,232, and 5,915 LTI-free days, respectively Cloquet Mill recently fell just short of achieving two million hours without an LTI for the third time in their history 	<ul style="list-style-type: none"> Sappi Forests' Zululand Coastal business unit achieved a record-breaking safety milestone of working six million manhours without an LTI, a remarkable achievement, considering the dynamic risk exposure in forestry operations Tugela Mill (own employees) – one year without an LTI and one million LTI-free hours Lomati Mill (contractors) – over seven years' LTI-free days Shortly after year end, Ngodwana and Stanger Mills respectively achieved two and three million LTI-free hours Stanger Mill was recognised as the safest business unit for FY2022 in the annual SSA safety awards



What Zululand Coastal contractors had to say about the region's excellent safety performance:

“We are consistent in applying the rules on a daily basis so that safety has become routine in everything we do. We demonstrate toolbox talks through singing, dancing, poetry, and drama for easy understanding. We recognise individuals' skills and talents. This helps us in presenting safety as a fun integrated activity that adds value.”

we learn
from
each other

“Each Zululand Coastal contractor does a presentation at the monthly safety committee meeting. Information, interventions, and initiatives are shared among all, which enables us to learn from each other. We develop our teams and systematically we grow as a team.”

“We work with an open heart and mind-set to learn from each other and to accept positive criticism. We have also embraced the principles of Visible Felt Leadership, and we have a strong connection with our team members.”

Ensuring the safety of our employees and contractors *continued*



Ensuring fire safety at Maastricht Mill

With some buildings dating back to the 1850s, ensuring Maastricht Mill complies with all fire codes and Dutch building regulations is a long-term endeavour that has required significant investment over time.

When the mill passed inspection and received certifications for fire safety measures in 2022, it was a milestone achievement for all the many people involved in ensuring health, safety and wellbeing at the mill. This phase of the project ran from 2019-2022 and focused on buildings that accommodate over 50 people including offices, production and storage rooms. The project delivered the installation of fire detection and alarm systems, installation of sprinklers, gaseous extinguishing systems, related water supply and pumps, emergency lighting and related civil works. In the next phase of the project, attention will turn to site buildings accommodating less than 50 people.

ensuring health,
safety
and wellbeing



Ensuring the safety of our employees and contractors *continued*

Demonstrating that Sappi people value life during Global Safety Awareness Week

Every employee and contractor are encouraged to use Global Safety Awareness Week (GSAW) as an opportunity to re-focus on our collective commitment and efforts to ensure safety remains a core value at work and home.



Promoting flu and Covid-19 vaccinations in Sappi Trading

In **SEU**, the GSAW agenda featured safety and wellness workshops, first aid and fire safety demonstrations, healthy nutrition, and innovative gadgets like cooling vests and intoxication goggles – all communicating the 'I value life' message.



A lesson in first-aid resuscitation at Carmignano Mill



A fire awareness specialist talking about fire safety and overseeing a fire extinguisher demonstration at Rockwell Solutions

In **SNA**, safety and health skills training, games, webinars and vendor information booths all formed part of the GSAW programme.



Hands-on training on how to extinguish a fire.



CPR and first aid training at our Boston office

Activities commemorating GSAW in **SSA** ranged from safety carnivals to treasure hunts, safety games, risk and wellness displays, song, rhythm and dance items.



Highlighting the value of teamwork through drumming at Ngodwana Mill.



A safety carnival linked to SSA's lifesaving rules at Tugela Mill



Opportunities for value creation

In **SNA**, our safety platform, in conjunction with the employee engagement platform, developed the **SNA Safety Impact Award Programme** to recognise initiatives that improve our safety culture and enhance employee engagement related to safety, thereby leading to the reduction of injuries at our sites.

Looking ahead, the platform will continue to emphasise site-specific injuries for reducing hand injuries – identified as a common incident – enhance recognition for achieving excellence in our leading indicators and continue to collaborate with our contractors.



Promoting

wellness and wellbeing

We educate and empower our people to take ownership of their wellbeing, providing support in various ways.

SEU

- Each mill, together with the mill lead teams, decides on their priorities for the year.
- Programmes include preventative medical healthcare check-ups, flu vaccinations and immunisations.
- Support for employee sports and social activities, among others.



Cycling for health – ours and the planet's

Sappi people at Ehingen Mill in Germany are cycling to support the city and the mill's decarbonisation efforts, participating in a three-week competition to reduce emissions on their daily commute. The 30-person team cycled a total of 8,635 kilometres, eliminating over one ton of would-be emissions from the road. This put them in second place in the city's competition known as 'Stadtradeln'.

Gratkorn Mill in Austria has made cycling a more convenient option for transport. In 2022, the mill launched a benefit package for employees to lease bicycles and e-bikes. In addition to co-financing the cost, the package also provides comprehensive insurance to bikers. Employees can now cycle safely to the mill on a new bike lane that runs next to Sappi's premises and the picturesque Mur River.



Sappi trainees cycling on the rehabilitated bike lane to Gratkorn Mill

Promoting wellness and wellbeing

continued

SNA

- All salaried and hourly employees (and their spouses) who participate in one of Sappi's medical plans are encouraged to complete a health risk assessment questionnaire.
- Wellness events, including healthy cooking demonstrations and wellness webinars, at all sites.
- On-site flu vaccinations, employee assistance programmes in support of mental health, gym and other exercise subsidies.

SSA

Each operating unit has an elected Employee Wellbeing Committee that represents staff working in the field of employee wellbeing; health workers; line management responsible for health; human resources staff; trade unions and peer educators. The committees assist in rolling out employee wellbeing programmes. These include awareness and education for substance abuse (alcohol and drugs); basic counselling for referrals to external providers; financial wellness; trauma counselling; change management issues and other employee wellbeing and relationship issues to name a few.

Our operations also focus on primary healthcare and given South Africa's high prevalence of primary healthcare illnesses, at some of our mills we have partnered with the provincial health services to provide chronic medication to the clinics servicing both employees and contractors.

HIV/AIDs in SSA

Statistics South Africa (Stats SA) indicates that there are approximately 8.5 million people in South Africa living with HIV/AIDs, representing just over 14% of the population. We established our HIV/AIDs programme in 1992 in South Africa to measure, monitor and manage the disease to mitigate the risks posed to our employees, our organisation and the communities in which we operate.

In 2000, the guidelines established in the early 1990s were formalised by publishing an HIV/AIDs policy, which was subsequently revised in 2009. From August 2002, medical care for employees included the provision of Nevirapine treatment to prevent mother-to-child transmission. Antiretroviral treatment was offered to HIV-infected employees from the beginning of 2003. Medical protocols have been established to ensure that HIV/AIDs can be managed like any other chronic disease.



Commemorating World Aids Day

“End inequalities. End AIDs”.

That was the theme for World Aids Day in December 2021. Our Forests Occupational Health and employee wellbeing teams combined efforts to commemorate World Aids Day, using the opportunity to raise awareness of the HIV/AIDs pandemic and to show support to those people living with HIV/AIDs.



Ngodwana Nursery staff conducting role-plays during their event

Supporting sound labour relations

Why it's material

One of the strategic fundamentals of Thrive25 is trust. Against this backdrop, sound labour relations are important because they form the foundation of trust between us and our employees. We provide them with a strong voice in our decision-making processes so that they develop a sense of ownership towards their work and Sappi. We also provide the proper channels that **allow our people to voice their concerns**. We continue to endorse the principles of fair labour practice as entrenched in the UNGC and the Universal Declaration of Human Rights. At a minimum, we conform to and often exceed, the labour legislation requirements in countries in which we operate. Sappi **promotes freedom of association** and engages extensively with representative trade unions. Globally, approximately 55.18% of our workforce is unionised, with 71.71% belonging to a bargaining unit.

we promote
freedom
of association



How this issue links to other aspects of our business

Our global priority SDGs



Our top 10 risks

- 1. Safety
- 7. Cyclical macro-economic factors
- 9. Employee relations

Our strategic fundamentals



Sustain our financial health



Drive operational excellence



Enhance trust

THE GLOBAL FORCES SHAPING OUR Thrive25 strategy

- Rising social inequality and growing social activism with increased expectations of business
- Changing consumer and employee behaviour
- Shifting demographics

Supporting sound labour relations

continued

Our highlights

- Relatively positive industrial relations with trade unions at all manufacturing sites and plantations

Key developments in FY2022

The overall industrial relations climate in **SEU** was good. Approximately 61% of **SEU** employees are members of a union and approximately 87% of employees fall within a bargaining unit. We engage with various unions in each country where we operate and Collective Labour Agreements (CLAs) are in place at all mills. Last year we reported that there were no CLAs in place at Carmignano and Condino Mills in Italy and Lanaken Mill in Belgium. However, at the Italian mills these are now in place until 2024 and a CLA is also in place at Lanaken Mill.

While we continued to be engaged in dynamic contract negotiations, consistent with increased labour activity nation-wide, the overall industrial relations climate in **SNA** was satisfactory. Approximately 65.2% of **SNA's** employees are members of a union and there are 12 collective bargaining agreements in place with

hourly employees. In total, we negotiated eight collective bargaining agreements. We anticipate a comparatively light negotiation schedule in the next financial year. Negotiations with the United Steelworkers' Union will take place at Allentown Sheeting Facility and Westbrook Mill in March and August 2023 respectively.

Overall union representation in **SSA** workforce declined from 50% in FY2021 to 48%, with 61% of employees falling within the scope of the bargaining unit. **SSA** continues to recognise two trade unions – the Chemical Energy, Pulp, Printing, Wood and Allied Workers Union (CEPPWAWU) and United Association of South Africa (UASA), but also engages with other non-recognised trade unions continues.

Collective bargaining in **SSA** during the FY2022 was concluded shortly after year end. In the Pulp and Paper Industry Chamber, a decentralised bargaining process which approved company level negotiations was adopted for the 2022 bargaining season. Industry wage settlements were satisfactorily concluded for the sawmilling and forestry sectors.



Supporting sound labour relations

continued

COMMUNICATING operational changes

As one of our strategic fundamentals is to enhance trust, we believe it's important for all our people to understand and trust, our processes for communicating operational changes. These are of key concern to all employees, particularly those represented by trade unions or bargaining units.

In terms of career endings, access to retirement planning services is provided on a regional basis and, in some instances, this is supported by financial wellbeing programmes. To the extent that there are employee lay-offs, we provide severance pay to all employees and, in some instances, outplacement assistance. Overall, we aim to communicate any changes to our people timeously and transparently.

Across all countries, information about significant operational changes should be provided at a time when planned changes are concrete enough to inform about reasons for changes, planned measures with impact on employees, number of affected employees and timing, but early enough to still enable proper consultation.

In **SEU**, information about significant operational changes is only communicated when these are concrete enough to enable proper consultation where the process followed is according to a set timeline.

In **SNA**, the notice period in terms of federal law is 60 days. Details on operational changes are not specified in collective bargaining agreements.

In **SSA** (including Sappi Limited), the implementation of significant operational changes is governed in terms of section 197 and section 189 of the Labour Relations Act 66 of 1995. The act does not prescribe a specific notice period. However, the standard practice is a minimum of 30 days, and a maximum of 60 days' notice for consultation of a large-scale restructuring process. The recognition agreement concluded with the majority union, Chemical, Energy, Paper, Printing, Wood and Allied Workers Union (CEPPWAWU) recognises the provision of the act in this regard. **SSA** is party to the bargaining council for the wood and paper sector as well as forestry in South Africa. In the case of sawmilling and pulp and paper, collective bargaining is conducted at industry level under the auspices of the bargaining council. The constitution specifies when parties should submit issues of bargaining for the particular year and when the negotiations must

commence. Forestry conditions of employment are implemented on 01 April every year and regulated by ministerial sectoral determination. The normal notice period applies.

Most of the countries in which **Sappi Trading** is based are not covered by collective agreements except for Austria, Brazil and South Africa. In Austria, the notice period follows labour law and individual employment agreements. In the case of senior and general staff, notice periods of four and three months respectively are required. Based on local legislation, these notice periods increase according to years of service. A notice period is not set up in collective labour agreements. In Brazil, a minimum notice period on operational changes is required for large companies, but there is no particular need to communicate to unions in advance.





Opportunities for value creation

In **SSA**, within the context of community unrest and potential business disruption, our focus is on enhancing union/ management relationships. Following engagements at the National Partnership Forum it was agreed that Sappi would afford shop stewards the opportunities to have curated individual development plans, following the same process used for high potential employees. A list of desired competencies was prepared and approved by the shop stewards. The list of competencies was then used for individual consultations with shop stewards to help them self-assess against the competencies. Based on the results of that assessment customised development plans were developed for each shop steward. Development plans incorporate online training, classroom training, learning from others and many practical assignments. Business unit Employee Relations Managers are supporting and mentoring the shop stewards.

Attracting, developing and retaining Sappi talent

Why it's material

The Covid-19 pandemic has reshaped the traditional world of work, leading increasing numbers of people to re-evaluate what they want from a job – and from life. This has created a large pool of active and potential workers who are shunning the traditionalist path, resulting in what commentators have called The Great Resignation or The Great Attrition. The success of our business depends on our people whom we see as a core pillar of competitive advantage. Accordingly, we focus on energising our employees through meaningful work; promoting strong relationships with co-workers and managers; **promoting a culture of development** in which diversity and inclusion are encouraged; providing the resources and environment to balance stress and wellbeing and offering both financial and non-financial incentives. That we are succeeding in this regard is highlighted by the fact that in FY2022, globally, voluntary staff turnover was 6.15%.



How this issue links to other aspects of our business

Our global priority SDGs



Our additional SSA priority SDGs



Our top 10 risks



9. Employee relations

Our strategic fundamentals



Sustain our financial health



Drive operational excellence



Enhance trust

THE GLOBAL FORCES SHAPING OUR Thrive25 strategy

- Deglobalisation, polarisation and increased geopolitical tensions
- Rising social inequality and growing social activism with increased expectations of business
- Changing consumer and employee behaviour
- Shifting demographics

we encourage
diversity
and inclusion

Attracting, developing and retaining Sappi talent *continued*

Our highlights

- Sappi Advance IT training platform launched across all regions, thereby enhancing performance enablement
- 61.09% skills training; 38.91% compliance training
- Increased training spend across all regions

Key developments in FY2022

Attraction

The Great Resignation has impacted millennials and Gen Zs in particular. According to Deloitte, four in 10 Gen Zs (born between the mid to late 1990s and the early 2010s) and nearly a quarter of millennials (those born between 1981 and 1996) would like to leave their jobs within two years, and roughly a third would do so without another job lined up, signalling significant dissatisfaction levels.¹ The same survey highlights the fact that these groups want businesses and their own employer, to do more. Only 18% of Gen Zs and 16% of millennials believe their employers are strongly committed to fighting climate change. Gen Zs and millennials want to see employers prioritise visible climate actions that enable employees to get directly involved, such as banning single-use plastics and providing training to help people make better environmental decisions.

We have a significant advantage in that Sappi's business aligns with these priorities and that we are strongly focused on our purpose: Sappi exists to build a thriving world by unlocking the power of renewable resources to benefit people, communities and planet.

In all regions, our people visit schools and universities to promote our industry. We also host mill and forestry visits. In South Africa we offer bursaries and have issued new bursaries in the priority areas of forestry science, industrial engineering and electrical/mechanical engineering.

Development

To build strong skills across Sappi and build leadership capability at all levels we provide training and development opportunities and give performance feedback.

In terms of young talent, **SEU** trains and develops approximately 225 young apprentices. To date, this three to four-year vocational training programme has been offered primarily at our four German-speaking mills but has now been introduced in Finland and Belgium. The programme is helping to build a technical talent pool to replace staff who will retire in the short to medium-term. A specific programme for the upskilling of Lanaken Mill operational staff will be launched in early in the next financial year.

In **SNA**, all salaried personnel received training on Sappi Advance including virtual and in-person sessions on developing, managing and reporting on performance enablement objectives; manager training on allocating and approving objectives; how to best use the tools available for development plans; check-ins and performance reviews; as well as how to link available training for development plans. To evaluate the transition to completing necessary training in Sappi Advance and allowing employees to demonstrate completion for compliance and gainshare purposes, a calendar of compliance related courses was set up for pilot employees with staggered due dates.

The Lean Six Sigma team has also resumed some in-person training, with facilitation from those skilled and certified in the methodologies. Specific departments including finance, sales and manufacturing are taking specific training actions in response to industry/workforce concerns and comments from engagement surveys. Somerset Mill provided in-person leadership development training while Cloquet Mill offered supervisory skills training and permanently adopted some of the modifications made in response to Covid-19 requirements, such as shorter modules, online learning and an overall reduced number of classroom hours.

In addition, multiple departments have received in-person training on general management/self-awareness topics such as Meyer Briggs and communication, change agility and giving and receiving feedback.

In **SSA**, in terms of leadership development, the Lead^x programme continued in South Africa with minor updates based on feedback from the previous group. Updates focused on the Technical Cluster engagements and creating psychological safety at work. Monthly check-ins continued with participants on the Manager in Training programme which is now compulsory for all first-time managers going forward.

Lean & Me continued to gain momentum across manufacturing, with the creation of two customised business version based on business demands – Lean & Me Lite for senior managers and support services and Lean & Me for Risk for health, safety and environmental teams.

Technical skills development received a further boost in the reporting period with the introduction of additional technical programmes including woodyard superintendent, paper machine operator (PM1 and PM2 Ngodwana Mill), maintenance planner, business process engineer and human resources business partner. The programmes include online training, classrooms, mentoring and practical assignments.

Sappi Trading employees are encouraged and supported to improve their job performance and abilities for future career growth. In FY2022, training courses ranged from Portuguese, English, Japanese language courses attended by sales and customer service employees in Mexico and Shanghai to 'Introduction to Sappi Graphics and Speciality Papers' attended by non-sales employees in Hong Kong.



Attracting, developing and retaining Sappi talent *continued*

Average training hours per employee in FY2022

Region	Hours
SEU	34 hours
SNA	75 hours
SSA	63 hours
Sappi Trading	11 hours
Sappi group (weighted average)	46.89

Average training spend per employee in FY2022

Region	Spend (US\$)
SEU	629.45
SNA	276
SSA	707.28
Sappi group (weighted average)	602.42

Retention

Diversity and inclusion play a key role in employee retention. In today's global marketplace, we recognise that diversity facilitates interaction with different cultures, colleagues and customers. We believe that the creation of an inclusive culture representative of such a diverse array of people, thoughts and ideas enables us to innovate, deliver and service our customers based on a broad

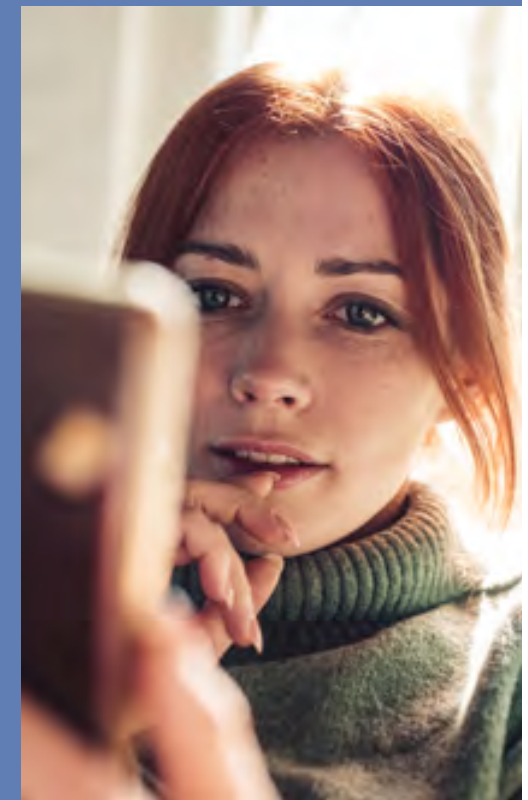
palette of considerations. Diversity and inclusion are not just about fairness, morality and justice as being the right thing to do; nor just about legal compliance – they're also about enhancing enterprise value.

Under **SDG8: Decent Work and Economic Growth**, our Thrive25 target is to Increase the proportion of women in management roles by 3.7% points. This is reinforced by gender equity targets specific to each region. In **SSA**, we continue to perform well against our **transformation targets** and are classified as a Level 1 BBBEE contributor. The representation of designated employees¹ in the workplace continues to gather momentum with the profile as follows: top management: 43.8%; senior management: 55.6%; mid-management: 64.1%; junior management: 81.6%; semi-skilled and discretionary decision making: 98.4% and unskilled and defined decision making: 98.7%.

Employee engagement which allows us to understand better our employees needs and concerns and respond to these, continues to underpin our retention efforts. Our central action tracker provides regular updates on the action items identified in our last employee engagement survey in FY2021. Progress on action items has been accelerated by the fact that the close-out of action items is now included in the performance objectives of each line manager and supervisor across the business. Identified action items include work/life balance, culture, rewards and recognition, benefits and manager and co-worker relationships.

ENHANCING the power of OneSappi

In 2022, across all our Sappi regions we trialled an app called 'Sappi Connect' to enable our people to access Sappi news and information at the tap of their phone or device. The goal is to improve communication with staff and the flow of business information across mills and regions. The app, available in many of the languages that Sappi people speak, is an easy way to access information from all regions down to local news and events. The trial proved to be a success and plans are firmly in place to launch globally in 2023. This app brings all employees – from staff in sales, marketing and communications to mill workers at all levels – closer to OneSappi and a collaborative way of working across the company.



¹ Black people (including colour people and Indians), women and people with disabilities.

Attracting, developing and retaining Sappi talent *continued*

FAQ:

What is Sappi doing about recruitment?

One of the most significant business challenges we face is hiring the next generation of workers and retaining our top talent.

promoting a
culture of
development

Intensified recruiting actions in the USA

The manufacturing industry in the USA now relies on a mature workforce from the Baby Boomer generation and a significant number of employees will be retiring in the next few years. The loss of these skilled workers coincides with one of the tightest job markets in decades.

The Great Resignation, quiet quitting and fierce competition for a smaller pool of candidates are compounding labour shortages. All these factors make it increasingly difficult for employers to find and hire good workers. We are now being more creative and more aggressive in our efforts to recruit employees, elevate our brand awareness, increase visibility on social media and educate the public on the premium, sustainable products we create.

While we have fewer employees within 15 years or so of retirement, we continue to lose employees with valuable years of experience and expertise to retirement. To improve our recruiting efforts, we have taken many new actions. For the first time, we've hired a **full-time internal recruiter from the Gen Z age group**, who can speak the language of the younger age group.

We have increased our participation in job fairs, enhanced our presence on LinkedIn, Glassdoor and Indeed. We have also increased the financial incentives for the referral bonus programme. Employees across the company are recruiting at high schools, trade schools and colleges and

universities using newly printed collateral targeted to both the hourly and salaried workforce. We have significantly expanded our presence on social media to showcase the Sappi culture and the benefits of working here, spotlighting employees and demonstrating the advantages of sustainability our industry, including our ability to provide renewable, recyclable woodfibre-based products that can replace plastics.

We have invested in radio and television advertising campaigns, and we continue to advertise in specials sections in daily papers that highlight the forest products industry and careers in engineering. To **promote employee retention and pride**, we have published the first company newsletter in many years, which we will publish at least three times a year. We distribute the newsletter in our facilities and mail it to every employee at their homes.

By far, the most significant investment we have made is creating an **extensive video campaign** that highlights the people in various positions throughout our company. These videos showcase our world-class manufacturing and R&D facilities and demonstrate how the sustainable and environmentally friendly work we do at Sappi matters to the world. Our career-specific videos are used for recruiting in positions for R&D, forestry, sales and engineering.

This is a new world for recruiting. We are taking our message to potential employees wherever they are, whether it is online, in print, on social

media or TV and radio. As the labour market continues to be constrained, these efforts will become even more vital.



Attracting, developing and retaining Sappi talent *continued*

FAQ *continued*

Inspiring the next generation of paper scientists In Europe

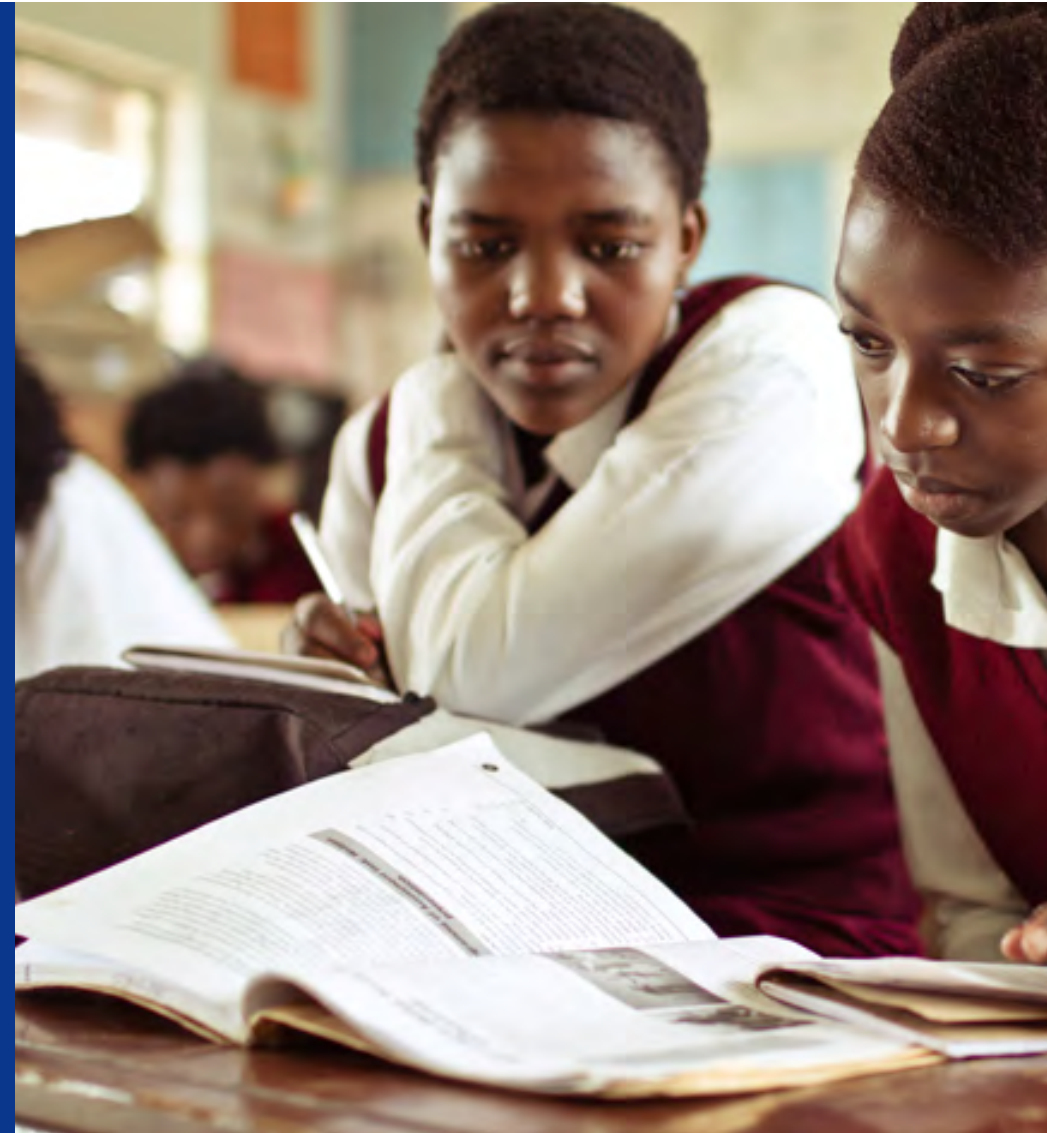
Inspiring young people to explore careers in paper science is essential to achieve our innovation and sustainability goals. Ehingen Mill is among the Sappi mills showing the way. The mill led a two-day programme in 2022 where 16 high-school students learned how Sappi transforms trees to pulp and paper products that contribute to the bio-economy. Apprentices at the mill described their career start with Sappi and the positive impact they believe they can make in the industry. Students left for home with a paper board they designed and built alongside Sappi experts.

Opening up new avenues of opportunity in South Africa

As the name suggests, our Stakeholder Relations Forestry team works to build relationships with surrounding communities. One of the ways in which they do so is by supporting neighbouring schools at career day initiatives which expose high school learners to different career fields and advise them on the subjects required to qualify for specific university courses. A career in forestry was previously unheard of for many of the learners. However, the Sappi Forests team did an exceptional job by explaining the wide variety of careers forestry offers.



Mpofweni High School pupils and teachers showing appreciation to the Sappi team after the career day





Opportunities for value creation

In line with our strategic fundamental of 'enhance trust,' we have instituted a leave policy at senior levels of the organisation which allows people to self-determine the amount of leave they take. We believe this will enhance engagement and retention.

Creating a positive social impact in our communities

Why it's material

Our vision of a thriving world can only be achieved if we support and promote growth and development in the communities surrounding our operations. Our community investment programmes focus on creating stronger social licence to operate, **demonstrating our commitment to active corporate citizenship**, enhancing our reputation and customer loyalty, as well as attracting talent.

we are creating
strong social licence
to operate

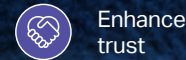


How this issue links to other aspects of our business

Our global priority SDGs



Our strategic fundamentals



Our additional SSA priority SDGs



Our top 10 risks



3. Sustainability expectations



7. Cyclical macro-economic factors

THE GLOBAL FORCES SHAPING OUR Thrive25 strategy

- Deglobalisation, polarisation and increased geopolitical tensions
- Rising social inequality and growing social activism with increased expectations of business
- Changing consumer and employee behaviour
- Shifting demographics

Creating a positive social impact in our communities *continued*

Our highlights

- 13% year-on-year increase in community investment in SSA
- Significant progress on ESD in SSA

Our approach

There is broad alignment between the three manufacturing regions on key themes including community welfare, education, environmental protection, conservation and biodiversity (with a strong focus on forestry), community training and economic opportunities. Projects are aligned with and support business priorities and needs, taking into account feedback from our stakeholders. We prioritise three key stakeholder groups – employees, local communities and customers.

At a community level, mills in each region support local projects ranging from youth clubs, community centres, vulnerable groups, sports clubs, environmental education and paper donations. Project support is provided to Sappi Forests' community schools based on requests and needs-analyses. Projects include fresh water, ablution facilities, fencing, buildings and structures and vegetable gardens and hospices and local clinics are supported in each community.

The fact that Sappi is headquartered and listed in South Africa, coupled to the significant development needs of the country, dictate a higher focus on social impact activities in our country of origin.

Key developments in FY2022

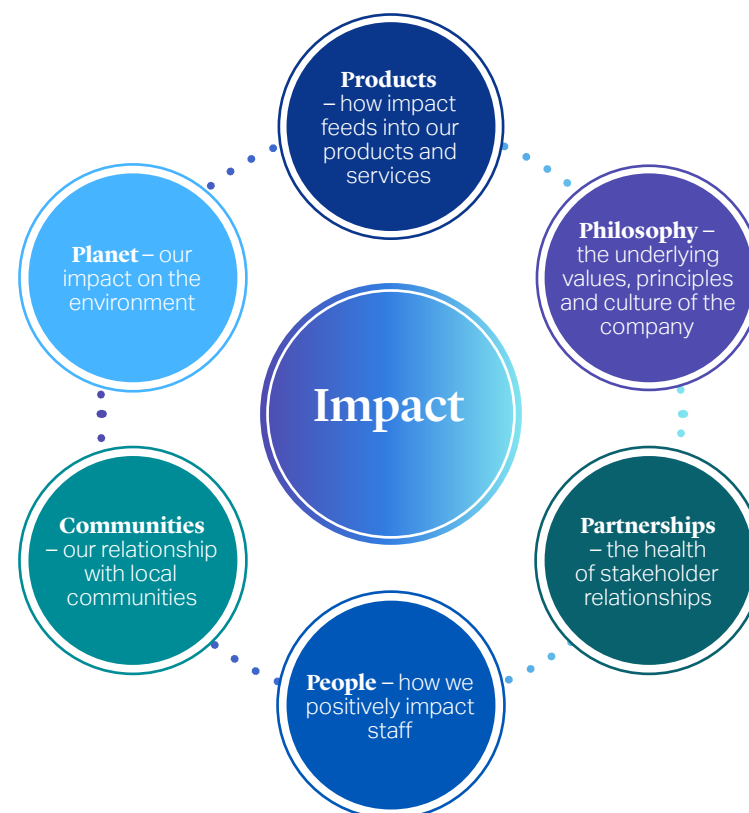
Emergency relief and support is activated if and when required, both at a global and regional level. The Russian invasion of Ukraine created a **humanitarian emergency** which we responded to by donating funds and matching employee donations up to a set limit. In South Africa, the floods of April 2022 in KwaZulu-Natal caused **significant damage and human tragedy**. As in Europe, we donated funds and matched employee donations up to a set amount.

In North America we continued with our Ideas that Matter initiative which for over two decades, has provided funding and resources for designers working with non-profit organisations to make social and environmental impact, to encourage reforms in justice, education and healthcare and to address diversity, equity and inclusion efforts across communities and around the world. Sappi has made global contributions totalling nearly US\$14 million through the work of more than 500 projects toward addressing these causes. A condition of entry this year was that work should align with one of the UN SDGs. The winning entries championed causes ranging from child literacy, immigration and maternity care to rainforest preservation, anti-poverty programmes and resources for women of colour.

We continued to progress our **Social Impact** framework which enables us to map and track our community approach across all segments, thereby increasing our positive impact on society. We used the framework to update the 2022 strategy with deliverables focused around economic, social and environmental outcomes

and the following broad themes: promoting regional development, empowering communities and protecting resources.

deliverables are focused on economic, **social** and environmental outcomes



Creating a positive social impact in our communities *continued*

The creation of local economic opportunity in South Africa has increased in importance and urgency. It is being addressed through a multi-pronged approach including increased community training as well as targeted Shared Value, supplier development and enterprise development programmes.

We are committed to developing small and medium enterprises (SMEs) so that, like [Sappi Khulisa](#) they are not CSI projects, but become part of Sappi's – and other enterprises – core business.

In 2018, in **SSA** we launched a focused ESD strategy and established a dedicated ESD unit tasked with helping to incorporate SMEs into the mainstream economy. Since then, we have made considerable progress, successfully integrating 133 SMEs into the value chain. In FY2022, we spent over ZAR245 million with SMEs, significantly exceeding our set annual target by ZAR133 million. Services supplied ranged from alien invasive plant management to civil and mechanical work and from logistics and transportation to plumbing and electrical.

We engage with other corporates and contractors to contribute towards local SME development and recruitment of local community members.

As an example, in FY2022 we had a total of 13 incubation initiatives ran in collaboration with contractors whereby SMEs were sub-contracted at a cost of ZAR30 million to perform services like scaffolding, civil works and piping, mechanical engineering works, harvesting, etc. Contractors have also invested in training SMEs and local community members to enhance their job-related skills and ensure quality of work.

Spend in FY2021 and FY2022

	FY2021	FY2022
SEU	€100,000	€100,000
SNA	US\$145,100	US\$417,500
SSA	ZAR48 million	ZAR54 million

WORKING towards SDG1: No Poverty

In line with our commitment to SDG1: *No Poverty*, Sappi's ESD unit supports several businesses. One of these is a peanut farming venture started in 2018 by Ms Ntombiyenkosi Mbuyazi and four other women on a newly planted Sappi compartment close to her community at Shikishela in Mtubatuba, KwaZulu-Natal. Since then, Sappi has made more land available and sponsored seeds. Currently, there are 20 participants in the Palm Ridge project area.

The project is an excellent example of creating a win-win: it offers participants free access to land and the potential to earn income. In terms of benefits for Sappi, participants routinely weed while they plant. This saves weeding costs and time. What's more, the roots of the peanut plants help to enrich the soil, as they have nitrogen fixing properties.

Our ESD unit is helping participants to register the business as a co-operative. The main objective of this to gain access to funding and market opportunities.

Further details on **SSA** ESD programmes can be found in the **SSA** corporate citizenship reports, available on www.sappi.com





Mass Design Group —

making a positive social impact through Ideas that Matter!

Based in Boston, MASS (Model of Architecture Serving Society) Design Group, is a not-for-profit firm and was recently awarded the highest honour given by the American Institute of Architects, its 2022 Architecture Firm Award. MASS rose to the challenge of the reshaped Ideas that Matter programme, which calls for entries to align with the UN SDGs and with Sappi's purpose of building a thriving world by unlocking the power of renewable resources to benefit people, communities and the planet. MASS has demonstrated the power of making a positive social impact with each of their entries:

2022: Globally, there are 300,000 maternal and 2.4 million newborn deaths every year – mostly preventable. MASS partnered with the Institute for Healthcare Improvement to develop a human-centred design process to improve maternal-newborn facilities through model maternity spaces in traditionally underserved populations. The Sappi grant of US\$49,500 will support the dissemination of design principles and tools through an integrated campaign that includes educational outreach to health providers and policymakers, a design toolkit, posters, physical models of facility designs, and a connected website to improve accessibility and access to this critical information.

2015: US\$44,000 grant for a field guide and reference catalogue capturing MASS Design Group's best practices for engaging communities in the architectural design process, aimed at empowering project stakeholders and cultivating an understanding not of what buildings are, but what they can do for people.

2010: US\$35,000 grant for Partners in Health which works in 12 countries to provide a full range of medical services, including basic maternal health, adult and pediatric care, as well as treatment for infectious diseases such as HIV/AIDS and TB. MASS, which designs, builds and advocates for buildings that improve health and help strengthen communities, teamed with Partners in Health to put together an informational programme, called 'Empowering Architecture'. The Butaro Hospital in rural Rwanda was used as a case study to discuss a typical process of design considerations and community involvement as well as basic architectural strategies for reducing the transmission of airborne disease. MASS developed a website, casebook, field guide and poster to empower those building clinics and hospitals in areas of extremely scarce resources.

Read more: <https://www.cbsnews.com/news/model-architecture-serving-society-60-minutes-2022-09-04/>





SNA employee ideas matter

Based on the highly successful Ideas that Matter programme, SNA's Employee Ideas that Matter commits SNA to donate a total of US\$50,000 to causes that are important to employees.

In FY2022, Chris Martland, Senior Procurement Manager at Cloquet Mill received a grant for Log-A-Load for Kids to purchase gift cards to support patient families visiting one of the regional Gillette Children's clinics in Northern Minnesota. Gillette's mission is treating children who have brain, bone and movement conditions, helping them to realise all they can achieve. This partnership helps Gillette provide comprehensive services, highly trained specialists, an integrated team approach, family-centred care and a lifetime of services to its patients.

Chris has been the Board Chair of Minnesota Log-A-Load For Kids for the past ten years. The organisation began in 1988 when loggers and others in the forest products community donated the value of a load of logs to their local Children's Miracle Network hospital.

In 2021, MN Log A Load for Kids contributed US\$45,000, and since 1997 has contributed US\$648,970 to Gillette Children's through Children's Miracle Network Hospitals.

 Read more: www.logaload.org

support
patient
families



Creating a positive social impact in our communities *continued*

ROLLING UP OUR SLEEVES TO – honour Nelson Mandela's legacy!

Every year, SSA employees roll up their sleeves to make a difference in our communities to honour Nelson Mandela. This year, Sappi's Mandela Day initiatives took place from 18 to 22 July and were geared particularly towards benefiting the very young members of our society. Sappi has existing programmes whereby several Early Childhood Development (ECD) Centres in our communities are provided with ongoing support. Over the years, many of these centres have also received ECD training through our partners TREE (Training and Resources in Early Education) in KwaZulu-Natal and Penreach in Mpumalanga.

Because toys play such an essential role in a child's development – helping them to develop problem-solving skills, teaching about sharing and conflict resolution, unleashing their creativity and imagination and helping to develop their fine and gross motor skills – we established 'wooden toy factories' at their various offices and sites around the country, to support of Mandela Month.

By supporting an NGO that produces wooden toys, Sappi purchased the toys and provided employees with the materials to paint and beautify them. Employees took great pleasure in donating their 67 minutes in getting creative, knowing that their efforts would in turn bring great happiness to many children. More than 1,000 painted toys were donated to the Sappi-supported ECD centres

Elsewhere, employees participated in cosmetic **renovations at ECD centres** in their areas. One crèche that benefited from the Sappi team's

ministrations was the Buhlebezwe Crèche in the KwaZulu-Natal Midlands. Following a request from the iNqgiya Community Committee for assistance after the crèche was badly damaged during the floods earlier this year, with the roof, windows and doors destroyed. Sappi team rolling up their sleeves alongside community members and workers from the local municipality to clean up the building, to burn fire breaks, to fix the roof and windows and to do some painting.

At **Davidale Village** near Sappi's Lothair plantation in Mpumalanga, the Sappi Forests team visited the Khuthalani Day Care Centre and got stuck into painting the interior and exterior walls and also donated some much-needed chairs and tables, toys and colouring materials.





Opportunities for value creation

We are recalibrating our Abashintshi youth development programme in South Africa and are also intensifying our economic empowerment initiatives – developments which should lead to positive benefits.

ASPIRE

Planet

Promoting the responsible management of natural resources

We are bold in our role as a natural resource company, providing solutions from renewable woodfibre which are viable alternatives to fossil-based products. Our long-standing approach to treading more lightly on the Planet is based on leading by example. We do so by extracting the full potential of trees and woodfibre in line with our commitment to circular ecosystems and economies.



United Nations Global Compact (UNGC)

Principle 7:

Businesses should support a precautionary approach to environmental challenges.

UNGC Principle 8:

Businesses should undertake initiatives to promote greater environmental responsibility.

UNGC Principle 9:

Businesses should encourage the development and diffusion of environmentally friendly technologies.



Our management approach to

Planet

As stated in our **Group Sustainability Charter and Group Environmental Policy**, we acknowledge that we do have an environmental footprint, but are committed to managing and mitigating the environmental, climate and biodiversity impacts of our operations. The precautionary approach places the onus on Sappi to anticipate harm before it occurs and to take active steps to prevent any harm from occurring. We achieve this by:

- Minimising the environmental impact of our operations in terms of raw materials, biomaterials and energy use
- Developing new production methods and products, and finding innovative ways of benefiting waste
- Saving water and energy at every step in production processes
- Ongoing investment in R&D
- Ensuring legal compliance at each mill, by constantly assessing our performance in terms of energy dashboards, integrated water and waste management plans, air emissions and effluent
- Implementing transparent practices by using internationally recognised, independently verified certification systems including the FSC, the PEFC and the SFI, as well as ISO 9001, ISO 14001, OHSAS 18001 and, in Europe the Eco Management and Audit System (EMAS) and ISO 50001 in Europe and South Africa

- Our 399,996 hectares of owned and leased plantations in South Africa, which are both FSC- and PEFC-certified
- Having environmental targets in place in each region and at global level. Progress towards targets is reported to management teams in each region regularly, quarterly to the Group Sustainability Development Council and to the Social, Ethics, Transformation and Sustainability (SETS) Committee three times a year

Adopting environmentally friendly technologies

We view conducting our business in an environmentally sustainable manner as integral to our licence to operate on an individual, community, country and global level. It also makes sound business sense, given that we depend on natural resources such as water and woodfibre for our ongoing viability as a business and it is in our interest to use these resources as responsibly as possible. We invest in new technology and upgrade mill processes as these become feasible.

Unlocking the power of renewable resources

At the heart of our business is a renewable, recyclable natural resource – woodfibre. We use this to create pulp, paper and dissolving pulp solutions that enhance the lives of consumers around the world. We take a holistic approach to protecting the environment, beginning with the responsible procurement of wood that is grown and harvested sustainably and sourced only from well-managed forests and plantations.

Tracking key metrics and benchmarking performance

Our E4 Cluster tracks key metrics in the following areas of mill operations: energy, effluent, emissions, solid waste and general environmental issues. To map the environmental impacts of our mills, the Cluster produces and distributes a questionnaire addressing over 80 parameters on environmental performance to all our operating units.

Sappi's mills are required to complete quarterly E4 questionnaires, and to report information relating to energy, emissions, effluent, and solid waste. The data is compiled in a database and provides a clear picture of the environmental performance of each mill in the group since 2000. Using the information, comparisons can be made between processes across the group and within the industry. The benchmarking allows the cluster to support management in exploring the reasons for unsatisfactory performance as we transfer the attributes of efficient processes to the less efficient ones.

At the request of management, Internal Audit reviews the reported E4 Cluster data for Sappi Limited for each fiscal year.

In 2020, in line with our Thrive25 strategy, we established Thrive25 global goals in addition to regional goals to deal with specific issues. We began tracking and reporting on progress against these goals in FY2021. To view our performance in FY2022, [click here](#).

Leading by example

Land, air and water are shared resources. By motivating and encouraging people – particularly those close to our operations – to share our commitment to a thriving world by treading more lightly on the planet, our aim is to enhance the sustainability of the natural resources and ecosystems on which our business depends.



Our 2022 performance at a glance

Our products are:



Recyclable

Many of our products are:



Compostable



Biodegradable

Globally over the past five years



Specific¹ direct
(Scope 1) GHG
emissions decreased by

10.9%



Specific GHG
(Scope 1 and 2)
emissions reduced by

12.7%



% Renewable and
clean energy has
increased by

7%



% Waste diverted from
disposal increased by

5.2%



Specific process
water extracted
reduced by

0.6%

In FY2022



Specific direct
(Scope 1) GHG
emissions declined by

9.6%
year on year



Specific GHG
(Scope 1 and 2)
emissions reduced by

4.8%
year on year



% Renewable and
clean energy has
increased by

0.4%
year on year



% Waste diverted from
disposal declined by

0.1%
year on year



Specific process
water extracted
reduced by

1.7%
year on year

¹ Different from an absolute measure,
'specific' means per ton of air dry product.

Sourcing sustainable woodfibre

Why it's material

The world's forests are the lungs of our planet, helping to regulate our climate, while directly supporting the livelihoods of over a billion people. The social and economic benefits of these services are estimated to be in the trillions. Today, it's clearer than ever that there is **no solution to climate change without a solution to tropical deforestation**. Yet, despite recent efforts, deforestation increased by 12% between 2019 and 2021¹. Simply put, zero deforestation is not an option but a strategic necessity for companies like Sappi with land-based value chains to deliver on the UN SDGs.

The world's forests
help regulate
our climate
and support over a billion people

¹ Why net zero needs zero deforestation now: Initial research paper from the UN Climate Change High-Level Climate Champions, Global Canopy, The Accountability Framework initiative, WWF and the SBTi, available at: <https://climatechampions.unfccc.int/wp-content/uploads/2022/06/Why-net-zero-needs-zero-deforestation-now-June-2022.pdf>



How this issue links to other aspects of our business

Our global priority SDGs



Our top 10 risks

- 3. Sustainability expectations
- 4. Supply-chain disruption
- 5. Climate change

Our strategic fundamentals

- Grow our business
- Drive operational excellence
- Enhance trust

THE GLOBAL FORCES SHAPING OUR Thrive25 strategy

- Climate change and climate transition
- Resource scarcity and growing concern for natural capital

Sourcing sustainable woodfibre

continued

Our highlights

- 77%^{LA} of fibre supplied to our mills certified
- We are piloting the Sustainable African Forestry Assurance Scheme (SAFAS) for small growers

Key developments in FY2022

We believe that robust, internationally recognised and third-party verified forest certification systems are effective tools for promoting sustainable consumption and production, as well as combating deforestation and illegal logging through proof of legality and responsible practices.

Accordingly, we strive to increase the amount of certified fibre supplied to our mills and prioritise responsible management on our plantations in South Africa. As sustainably managed forests are more productive, by doing so we ensure a sustainable supply of woodfibre.

Implementing robust certification systems

Following the achievement of PEFC CoC certification for SSA's pulp and paper mills in FY2022, all our mills in Canada, Europe, South Africa (except for Stanger Mill) and the United States hold both PEFC and FSC CoC certification. Our mills in the United States are also SFI CoC certified and we hold SFI fibre sourcing certifications for Cloquet and Somerset Mills.

In FY2022, 77%^{LA} (2021: 77%) of all the wood-based raw material supplied to Sappi's mills originated from FSC or PEFC (including SFI) certified forests. In **SEU**, **SNA** and **SSA**, the share of certified woodfibre supplied in FY2022 was respectively: 87% (2021: 87%), 59% (2021: 57%), and 85% (2021: 85%).

These high levels of certification enable us to offer a wide product portfolio of certified products and give us full traceability of purchased wood-based raw material. By striving for increasing levels of certification in line with our global and regional Thrive25 targets, we hope to drive responsible production and consumption patterns and demand for wood-based products originating from certified forests.

Much of the woodfibre we use is dual certified. We have rigorous tracing practices in place regarding the documentation of the origin of woodfibre. In addition, suppliers must provide evidence that all woodfibre is sourced from controlled, non-controversial sources in accordance with the FSC Controlled Wood Standard, as well as PEFC (and SFI in the United States) risk-based due diligence systems. All suppliers are requested to provide wood origin information (country of harvest and where applicable, sub-national region and/or concession of harvest) and a list of tree species at least annually and/ or upon request. Based on the data, Sappi prepares mill-specific Wood Origin Declarations which are available for all interested

S stakeholders on [sappi.com](https://www.sappi.com).

Our continuous commitment to zero deforestation, as well as sustainable forestry and sourcing, are embedded in our [Group Woodfibre Procurement Policy](#) which incorporates core requirements on woodfibre and its origin; clear requirements on traceability and supply-chain integrity; and further action points to ensure zero deforestation, sustainable forestry and sourcing.

FAQ:

Why is it important for consumers to ask for woodfibre certification?

Market demand for responsible woodfibre creates incentives for forest owners to sustainably manage forests.

Expanding certification outside our operations

We continue to participate in efforts to expand sustainable forestry practices and certification: **SNA** works closely with a variety of programmes dedicated to providing logger education and continuous education, including SFI State Implementation Committees, Maine Forest Products Council, Maine Tree Foundation, and numerous academic programmes (providing financial and in-kind support).

In **SSA**, we helped to develop the SAFAS and have also established a group FSC scheme for small- and medium-sized growers, paying growers in the scheme a premium for certified timber delivered. In FY 2022, the scheme had 39 members representing a planted area of 45,600 hectares and 306,400 tons delivered. We are currently piloting SAFAS certification for small growers.



Sourcing sustainable woodfibre

continued

Enhancing supply-chain sustainability

In **SEU**, by promoting the use of certified woodfibre, we help to increase the size of the natural forest and woodlands areas across the region, providing a refuge for many species and benefiting tourism and recreation as well as the use of other forest products such as venison, berries, mushrooms and honey.

In **SNA**, written stumpage and wood supply agreements include requirements to comply with applicable laws, including the use of Best Management Practices (BMPs) to ensure that wood procurement operations adapt appropriately to seasonal adverse weather conditions and other weather events to ensure that soil productivity and water quality resources are protected. A key procurement provision is to build inventory at mills during the winter months to avoid logging activities during the spring breakup/mud season. We specify that wetlands and other wet areas should be logged when soils are in a frozen condition and that BMP guidelines appropriate to the site should be adhered to. We also identify, mitigate and avoid adverse impacts on Forests with Exceptional Conservation Value (FECV), which includes areas identified by NatureServe with a G1 (Globally Critically Imperilled) or G2 (Globally Imperilled) ranking for species and native plant communities.

SNA's holistic forestry policy

 SNA's **Sustainable Forestry Policy** commits to community involvement; research and education; protection of soils, water quality, biological diversity, and cultural sites; and implementation of best management practices. **SNA's** procedures require landowner outreach/engagement/assistance; supply agreements; supervision of 100% stumpage operations and a risk-based sampling of open-market operations; and use of trained loggers.

In **SSA**, R&D play a significant role in tree growth and improved supply-chain efficiency. Conventional breeding methods are no longer viable as change is rapid, breeding cycles are too long, and species variation is insufficient to respond to future threats. Molecular technology and biotechnology tools are used to ensure forest sustainability and precision agriculture. Other methods include hybrid varieties where desired traits of two species are combined to increase adaptability to marginal areas; and mulching not burning, as mulched areas hold more soil water and have a positive impact on growth.

In addition, our work with land reform beneficiaries and our Sappi Khulisa programme, help to ensure security of woodfibre supply.

Sappi Khulisa helps to ensure security of fibre supply in SSA

Our most significant ESD initiative through which we strengthen participation in the forestry value chain is Sappi Khulisa. This encompasses Individual and community tree farming. The total area managed currently is 37,028 hectares. In 2022, under this programme, 217,339 tons of timber worth some ZAR184 million was delivered to our operations. Since 1995, a total volume of 4,908.850 tons to the value of ZAR303 billion has been purchased from Khulisa growers. Currently, the value chain extends from 4,143 growers to approximately 871 small, medium and micro-enterprises who are involved in silviculture, harvesting, loading, short- and long-haul activities.

A useful tool

In 2019 Sappi Forests began using a Remote Harvest Monitoring (RHM) system to conduct near real time monitoring of harvested areas using Sentinel-2 satellite imagery. Results are delivered to a tableau dashboard and ArcGIS spatial viewer every time a new satellite image becomes available. The workflow allows automatic harvest detection with no human intervention in the process. The results can be used to monitor plan vs. actual harvesting within specific areas of interest, such as compartments on the annual plan of operations. The tool holds promise in that it can also be used to identify illegal harvesting (eg deforestation of natural forests) or when harvesting occurs in compartments that are not on the annual plan of operations.



Sourcing sustainable woodfibre

continued



Ellepot:

enhancing plant survival rates

Sappi Forests' nurseries are switching from plastic inserts to Ellepot paper pots to benefit from a propagation process that produces plants with a better root system and reduces transplant shock in-field.



Ellepot is a Danish company internationally recognised for the quality of plants propagated in its system of cylindrical paper pots, known as Ellepots. Accredited by the FSC, their extensive range of papers is designed to degrade over a period suited to the crop.

Sappi Forests is installing an Ellepot propagation system at each of cutting nursery. This follows several years of testing the propagation system and two years of commercially operating an Ellepot Flexline machine at the Clan Nursery cutting facility.

One of the key advantages is that Ellepot cuttings are ready to leave Clan nursery up to 20% sooner than those grown in plastic tubes. In addition when the empty Ellepot and plastic insert trays are returned after planting, the Ellepot trays are quickly checked for damage, washed and ready for re-use. The plastic insert trays take much longer to prepare.

Our foresters are already experimenting with extending the planting season because of the higher chances of survival using Ellepot plants.

“The plan is for all Sappi nurseries to get an Ellepot system. Research shows that logistics costs can be reduced by switching from plastic inserts to paper pots. We are broadening our silviculture focus to also include transit nurseries so that we fully integrate the entire supply-chain. Plants should not be in transit nurseries for more than three days before planting. We are encouraging our silviculture foresters to move to a just-in-time (JIT) system so that we can seamlessly supply plants according to their schedules.”

Wynand Swart, Divisional Nurseries Manager

Ellepots produce
plants with a
better root system





Opportunities for value creation

A new FSC CoC standard came into effect in September 2021, incorporating a new chapter 7 on FSC core labour standards. With this new step, the principles of the International Labour Organization's (ILO) Core Conventions and the ILO Declaration on Fundamental Principles and Rights at Work (1998) are integrated into FSC's CoC standards. The revised FSC CoC standards now include core labour requirements which are auditable and include the effective abolition of child labour, elimination of all forms of forced or compulsory labour, the elimination of discrimination in respect of employment and occupation, respect of freedom of association and the effective recognition of the right to collective bargaining.¹ This puts workers' rights on the agenda for around 45,000 FSC CoC certificate holders all over the world.

These standards are already in place for forestry management but will now apply to our mill CoC certificate holders. Certification for Sappi is expected within the next 12 months. While the key topics are already covered in our company policies and operating/HR procedures, the new standards will strengthen our reputation and standing in terms of social issues and workers' rights.



¹ <https://fsc.org/en/document-centre/documents/resource/302>

Prioritising

clean and renewable energy and responding to climate change

Why it's material

Since the UN Climate Change Conference in Glasgow (COP26) in Glasgow, Scotland in November 2021, climate impacts have worsened and carbon emissions have risen to record levels, affecting businesses around the world and hitting vulnerable communities the hardest.

Our industry is energy intensive. In addition, our business is dependent on woodfibre and water, both of which are impacted by climate change. Against the backdrop of these transitional and physical risks, we have long recognised our responsibility to be part of the climate solution. A **significant portion of R&D is allocated to decarbonisation** including pulp backward integration which brings green energy opportunities aligned with our strategy; energy swaps and energy change opportunities balanced with economics. In addition, our Future Energy Technologies & Decarbonisation cluster is exploring and developing novel technologies for fuel shift and deep decarbonisation in terms of Scope 1 & 2 emissions, with a particular emphasis on energy; pulping; papermaking and bleaching.

We align with climate science and are taking focused action to future-proof our business against the physical and transitional impacts of climate change and be part of the solution.






How this issue links to other aspects of our business

Our global priority SDGs



Our top 10 risks

-  3. Sustainability expectations
-  5. Climate change
-  6. Evolving technologies and consumer preferences

Our strategic fundamentals

-  Grow our business
-  Sustain our financial health
-  Drive operational excellence
-  Enhance trust

THE GLOBAL FORCES
SHAPING OUR
Thrive25 strategy

- Climate change and climate transition
- Resource scarcity and growing concern for natural capital

We have a responsibility
to be part of the
climate change solution

Prioritising clean and renewable energy and responding to climate change

continued

Our highlights

- Validation of our science-based targets by the SBTi
- 12.7% reduction of specific GHG (Scope 1 and 2) emissions over 5 years

Key developments in FY2022

Approval of our science-based targets

In June, the SBTi approved our science-based targets. Related to climate action, under our Thrive25 targets, globally we had committed to a 18% reduction in specific GHG emissions (Scope 1 & 2 combined). This ambition has now accelerated: Under our science-based targets, we committed to reduce Scope 1 and Scope 2 GHG emissions by 41.5% per ton of product by 2030 from a 2019 base year. This translates to 0.52 tons CO₂e/air dry ton (adt) of product by 2030, a significant reduction from the 0.89 tons of CO₂e per ton of product from a 2019 baseline. We have also committed that 44% of our suppliers (by spend) will have science-based targets by 2026.

Our science-based targets hold significant competitive advantage in that they will help to:

- Build trust with our customers in line with one of our key strategic fundamentals
- Highlight our commitment to continuous improvement
- Ensure that our operations remain lean and efficient
- Enhance enterprise value and investor confidence
- Promote resilience against a future where resources, particularly those derived from fossil fuels, will become increasingly scarce and expensive

Actioning our targets

A capital plan has identified capital projects within our existing 5-year plan as well as further suggested interventions, to facilitate the required emissions reduction. The capital expenditure between FY2021 – 2030 required to achieve the targets is estimated to be in the region of US\$70 million per annum. Decarbonisation projects include process efficiency improvements, transitioning to low carbon energy generation as well as upgrading of certain plants which allow for fuel switching from fossil to biogenic fuels and increased purchases of renewable energy. In FY2022, globally 53.9% (FY2021: 52.3%) of energy used was renewable, mostly from own black liquor. In SNA, we already use a high percentage of renewable energy – 76.7% in FY2022.

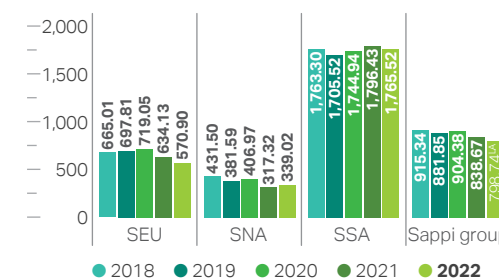
Significant decarbonisation-related capital projects that were in progress or completed during FY2022 include:

SEU

- A €16 million investment in **Kirkiniemi Mill** to enable the fuel switch to **renewable biomass**
- A €35 million modernisation of the **power plant boiler at Gratkorn Mill**, Europe's largest paper mill
- The installation of an **e-boiler at Maastricht Mill**

All the above are described in further detail on the following page.

Specific GHG (Scope 1 + 2) emissions (kg CO₂e/adt)



Globally, over five years, specific Scope 1 and 2 GHG emissions have declined by 12.7%, year-on-year, the decrease was 4.8%

Prioritising clean and renewable energy and responding to climate change

continued



Progressing our

decarbonisation journey in SEU

Transitioning to bio-energy at Kirkniemi Mill

Kirkniemi Mill in Finland took a big leap forward on the journey to decarbonisation in 2022 by installing the equipment required to receive, store and handle biomass to power its multi-fuel boiler. During 2023 the mill should be able to finally exit coal and instead become powered by renewable bio-energy.

By turning biomass residues such as bark, sawdust and woodchips into energy, Kirkniemi Mill derives even more value from the forest and reduces its fossil-derived carbon emissions. When fully realised in 2023, biomass will reduce by 90% the mill's direct fossil-based GHG emissions, an equivalent of 230,000-ton reduction in carbon dioxide annually.

The exceptionally high cost of energy in 2022 and the conflict with Russia that has spurred greater demand for renewables in Finland has made this project even more cost effective than originally anticipated. If current market conditions persist, the investment of €16 million will more than pay for itself.

Going electric at Maastricht Mill

The steam boilers that Sappi needs for paper production are increasingly part of the solution to climate change. Instead of only relying on fossil fuels like gas to produce energy onsite, Maastricht Mill has installed an electronic or 'e-boiler' so that renewable energy derived from wind and solar and supplied through the grid can increasingly become part of the mix.

Once commissioned in November 2022, the mill's yearly emissions of carbon dioxide will reduce by approximately 13% compared to 2019 when the project began. This represents a reduction of 22,000 tons of CO₂ annually. Production hours are also expected to increase in the future, reaching a maximum potential of almost 50% of demand.

Over 100 Sappi experts in mechanical, electric, and civil engineering co-created this project together with external partners. Zero injuries were reported, consistent with Project Zero, our group-wide safety initiative.

Gratkorn is equipped for the future with a multi-fuel boiler

In 2022, Gratkorn Mill in Austria completed a boiler re-build to enable the multi-fuel boiler to run on gas and increasingly biomass. The project involved an investment of €35 million that will reduce the mill's carbon footprint by almost 30%. The goal is to finally use only renewable and clean energy.

Gratkorn Mill's biomass inputs currently come from different residual sources, like black liquor a valuable residue from the pulping process. In the future, we'll also use other residues from the forest management process and forest industry value chain. Modernising an existing boiler is a major undertaking. At Gratkorn Mill, it was a three-year project. Construction started in August 2021 after pre-feasibility planning and engineering of the re-build. We began by dismantling the old boiler parts and then installing all the new state-of-the-art equipment. Commissioning began in June 2022 before full start-up in September 2022.

At peak times the project involved over 200 people with Sappi teams and partners joining their expertise to realise this complex and ambitious project. Two of those partners were Siemens Energy whose process control technology made the system even more resource efficient, and Sumitomo Heavy Industries OY as a technology provider. Innovative partnerships like these enabled us to realise other benefits beyond decarbonisation such as improved air quality in and around the mill.



Installing the cap on the silo that now stores biofuel at Kirkniemi Mill, a major achievement on Sappi's decarbonisation journey

Prioritising clean and renewable energy and responding to climate change

continued

Key developments in FY2022 SSA continued

Our decarbonisation plans in SSA

- **Ngodwana Energy**, a 25 MW biomass energy plant at Ngodwana Mill in which Sappi Southern Africa holds a 30% stake together with consortium partners KC Africa and African Rainbow Energy and Power. The plant, which came on stream in March 2022, uses biomass recovered from Sappi's surrounding double certified plantations¹ and screened waste material from the mill production process. Up to 35 tons an hour of biomass is burned in a boiler to generate steam and drive a turbine to generate electricity which is fed into the national grid. The project falls under the South African government's Renewable Energy Independent Power Producer Programme. There are several advantages including:

- The removal of additional biomass reduces the risk of wildfire and the associated negative environmental and soil impacts associated with high intensity uncontrolled burns.
- The project aligns with Sappi's commitment to UN SDG7: *Renewable and Clean Energy* and falls under the South African government's Renewable Energy Independent Power Producer Programme (REIPPP). This programme is the result of the national need to increase energy capacity and reduce carbon emissions.

- The project is generating income for the individuals – mostly youths and women – involved in biomass collection.

- Our **capacity expansion project at Saiccor Mill** involved conversion from calcium to magnesium pulping and was commissioned in FY2022. The technology used has enabled halving of fossil fuel emissions and a reduction in gas emissions of 40%. ([Click here](#) for further details).

Actioning our Scope 3 target

Our assessment of our suppliers' climate performance (Scope 3) is discussed in this report in [Procuring responsibly](#).

We are meeting regularly with key suppliers to advocate that they set science-based emission reduction targets by 2026. We also discuss strategies for decarbonisation, as well as developments related to new or alternative materials and innovation that could support reduced carbon footprints.

ENSURING soil integrity is not compromised

Sappi has developed a site sensitivity risk map that includes various site risks (slope, erodability, soil depth, soil organic carbon content, soil texture, etc). Recognising that removal of a higher proportion of biomass for Ngodwana Energy could potentially reduce the addition of organic matter to the soil carbon pool and site nutrient levels, we have developed specific operational guidelines based on the different site sensitivity classes:

- Depending on the site sensitivity risk rating, sites with moderate to low site sensitivity risk have been identified for biomass removal.
- On high-risk sites, biomass removal is limited to stemwood and non-utilisable wood.
- On all sites residue removal focuses mainly on woody biomass components with low nutrient content, eg currently non-utilisable stemwood and large branches. The nutrient-rich foliage and forest floor litter layer will not be utilised for bio-energy.
- Together with another forestry company, we have initiated the development of a long-term soil monitoring network with particular focus on soil organic matter, soil nutrients and soil bulk density, in association with Forestry South Africa and the Institute for Commercial Forestry research. Annually, additional monitoring plots are added to the network. The monitoring results will be used to refine the site sensitivity risk rating and potentially modify Sappi's approach to biomass removal.

¹ Sappi's plantations are 100% certified: FSC; and PEFC.

Prioritising clean and renewable energy and responding to climate change

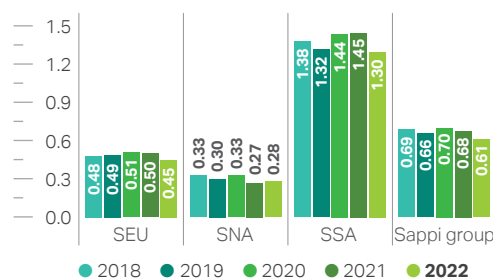
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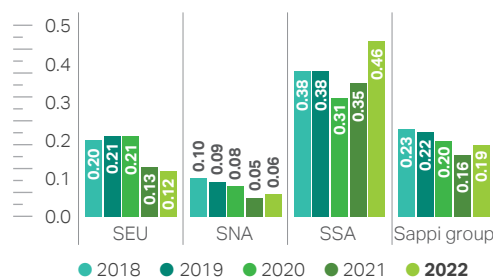
Please refer to **Our 2022 Planet indicators** on <https://www.sappi.com/2022GSDR-Planet-indicators> or these and other graphs detailing:

- Specific NO_x emissions
- Specific SO_x emissions
- Specific particulate matter emissions
- Absolute emissions related to the above

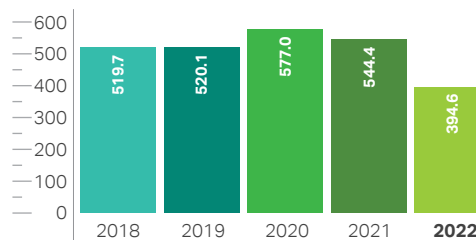
Direct GHG emissions (Scope 1) (t CO₂e/adt)



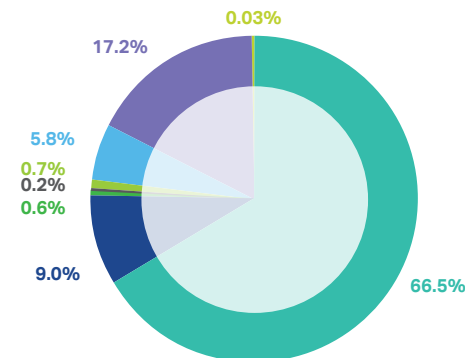
Indirect GHG emissions (Scope 2) (t CO₂e/adt)



Specific GHG (Scope 1 + 2) emissions per revenue (kg CO₂e/US\$ million)

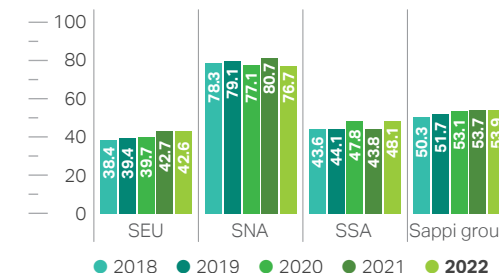


Renewable and nuclear energy breakdown (%)

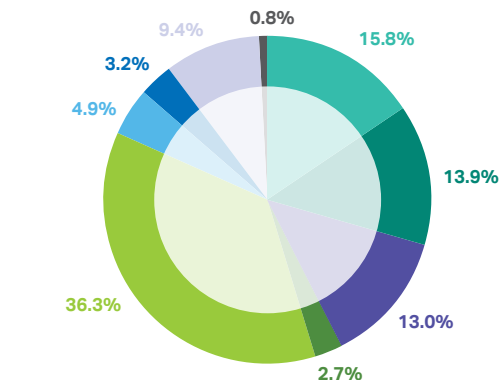


- Own black liquor (66.5%)
- Own biomass (mostly bark) (9.0%)
- Own biogas (0.6%)
- Own generated hydro electricity (0.2%)
- Combusted sludges (0.7%)
- Purchased biomass (5.8%)
- Renewable and nuclear energy in purchased power (17.2%)
- Own liquid biofuel (0.03%)

Renewable and clean energy (%)



Fuel sources % (2022)



- Purchased coal (15.8%)
- Purchased natural gas (13.9%)
- Fossil energy in purchased power (13.0%)
- Other fossil fuel (2.7%)
- Own black liquor (36.3%)
- Own biomass (mostly bark) (4.9%)
- Purchased biomass (3.2%)
- Renewable and nuclear energy in purchased power (9.4%)
- Other renewable fuel (0.8%)

Prioritising clean and renewable energy and responding to climate change

continued

Progressing our climate strategy

We made progress on our climate strategy, which is aligned with our Thrive25 strategic pillars as set out below:

	 Drive operational excellence	 Enhance trust	 Sustain our financial health	 Grow our business
What it means	Strengthening our safety-first culture and reducing resource use while enhancing efficiency and making smart data investments	Improving our understanding of, and proactively partnering with customers and communities, driving sustainability solutions, and meeting the changing needs of every employee at Sappi	Reducing and managing our debt, growing EBITDA, maximising product value, optimising processes globally and strategically disposing of non-core assets	Committing to core business segments while investing in innovation, growth opportunities and ongoing customer relationships
Climate relevancy	Continual focus on reducing our own and value-chain emissions; protecting biodiversity and promoting the responsible use of scarce water resources	Being a transparent, proactive and responsible company and partner with a long-term, solutions-oriented approach to address climate change mitigation, adaptation and resilience. Playing our part to ensure a socially inclusive just transition	Optimise allocation of capital for profitable growth while ensuring that it reduces our impact on climate change and positions us competitively for a low-carbon future	Purposeful innovation and collaboration to provide low-carbon, bio-based solutions and accelerate climate action



Prioritising clean and renewable energy and responding to climate change

continued

Implementing an internal price on carbon

Prior to the reporting year, we used a shadow price of carbon per region. This created awareness of carbon impact across the business and helped to prioritise low-carbon initiatives and stress-test investments. In line with our accelerated climate-related ambition and based on technical analysis, we are rolling out an implicit carbon price in capital investment decision making. We will review the price¹ – which is differentiated per region due to the varying costs of carbon abatement – annually.

Conducting climate change scenarios

Each country in which we have manufacturing operations, as well as the EU region, has submitted nationally determined contributions (NDCs) to the UNFCCC. Transition risk is assessed in terms of scenarios involving these NDCs and the associated time frames. Various scenarios within the parameters of key regulatory developments are also assessed against the backdrop of various issues (such as Sappi's own decarbonisation plans and possible carbon taxes to drive behavioural change, reputational impact if site emissions reduction plans do not align with the relevant NDC) and the related opportunities (health benefits).

With the help of external consultants, we have conducted climate change scenarios for our mills, with data from Global Climate Change Institute (GCI) at the University of the Witwatersrand in Johannesburg also being used. Our baseline was 2020, with scenarios to 2030 and 2050. The climate hazard indicators we used were water stress, flood, heatwave, cold wave, hurricane, wildfire and sea level rise. Under Representative Concentration Pathways (RCPs) 2.6 (low), 4.5 (moderate) and 8.5 (high), each indicator was then assigned a risk rating. This has helped to embed climate change aspects into our current risk register methods, thereby improving our overall approach to risk. Overall, the scenarios helped us to establish that in terms of our mills, Sappi faces moderate risk, with the greatest exposure to water stress and cold wave. The latter is set to decline over time due to climate change, but risks are more pronounced for individual sites.

Responding to climate change on Sappi's plantations

As a semi-arid region with high inter- and intra-seasonal precipitation variability, Southern Africa is very vulnerable to climate change. Evidence is mounting that changes are occurring in many Southern African climate characteristics, such as rising temperatures with indications that the rate of warming has been increasing, especially in the last two decades. Plantation forestry in South Africa is sensitive to climate change as projected increases in temperature and changes in rainfall can result in some areas not being climatically suitable for a specific genotype while some areas might become climatically unsuitable for forestry.

Although other areas might become climatically suitable, expansion of plantation forests is limited in South Africa due to availability of suitable land and due to water legislation.

The assets of the Sappi's tree improvement programme based at the Shaw Research Centre in Howick, include a broad genetic base, acquired over 25 years and a skilled breeding team exploiting innovative technologies and Nursery Technologies research into improved propagation techniques for elite genotypes.

The Land Management and Pest and Diseases Programmes conduct research on stress detection, climate change predictions, site classification to improve site-genotype matching, risk mapping, nutritional research, site resilience, biological control measures and national pest and disease surveys.

Sequestering carbon in SSA

We harvest what we grow and replant, so that carbon stocks remain stable. South African plantations have sequestered 203 million tons CO₂e (tCO₂e) and annually produce timber that contains more than 17 million tCO₂e. In Sappi-specific terms, the total standing carbon stock in live biomass is 38.25 million (tCO₂e) – as confirmed by an external carbon accounting company.



¹ This price is based on how much it costs Sappi to implement emissions reduction projects, such as renewable energy purchases or energy-efficiency upgrades.

Prioritising clean and renewable energy and responding to climate change

continued

Key developments in FY2022 are set out below:

- **Site classification upgrade to include moisture index**

In response to hotter and drier climatic conditions, Sappi Forests Research has developed an updated evapotranspiration-based moisture index classification system. The index was developed by:

- Leveraging climate model data from the University of the Witwatersrand Global Climate Change Institute (WITS GCI) with which Sappi has a strong partnership
- Calculating a moisture index for each decade from 2000 to 2100
- Using an internationally accepted model developed by the Food and Agriculture Organisation (FAO), which requires data on temperature, relative humidity, wind speed and solar radiation
- Summarising the data and developing an app on the Sappi Map Centre to visualise some of the data layers

The findings indicated that while most of Sappi's landholdings fall within the Moist and Dry classes, a significant portion are in the Wet class. A small percentage of Sappi land is in areas that are known to be Very Dry, approaching Arid, but is managed accordingly.

The improved classification system of potentially available moisture for tree growth is useful in showing the impact of climate change on future growth potential and risk. In addition, it can be used to indicate areas at greatest risk of drought and flag areas of potential seasonal drought. This will allow Sappi to prepare for the future by contributing to tree breeding objectives and site by genotype matching, as well as risk management research and planning.

- **WITS GCI downscaled climate change forecast and recorded weather trends for Sappi South Africa**

As reported in our 2021 annual integrated report, we worked with other industry members and the WITS GCI to identify six representative climate change models and downscaled these to local conditions at a finer resolution for years between 1960 and 2100.

The data were processed to various beneficial data products to inform on a range of factors, including drought, heat and fire risk. Sappi further processed the forecasted climate data in-house by algebraically adjusting the basic weather forecasts to a year 2000 baseline. Summarized data products are available on a Sappi block and compartment level and can be visualised on the Sappi Map Centre Climatic Data Web Application. The data show a shifting of rainfall seasonality, less rainfall in many areas and shifting climate zones from cool to warm and warm to sub-tropical. Cool areas and the

Mpumalanga regions will be most impacted by temperature increases. Forecasts, while not as severe, align with long-term weather records.

Having information on future climate and translating this into future site classification and risk maps provides tools upon which to base present R&D and prepare for future management practices. As human activity is unlikely to change soon, climate models and projections will need to be frequently updated to adjust and the impact of future climate on tree survival and growth modelled from this.

We will continue to downscale further to finer resolutions and are already using model projections for contextualising future climate on site by genotype matching and for our tree breeding strategy. Adaptions of this work will be used in pest and disease projections and monitoring. Looking forward, we will be implementing research projects to test strategies to adapt to hotter and drier climates and shifting seasons.



Future climate predictions from WITS GCI



Prioritising clean and renewable energy and responding to climate change

continued

Key developments in FY2022 SSA continued

• Using biological control to manage pests

As with other agricultural products, trees are susceptible to pests and diseases. This susceptibility is expected to be exacerbated by climate change. In efforts to identify and register more sustainable pest control products for use in plantation forestry the Pests and Diseases Programme has been collaborating with the South African company, Andermatt Madumbi, regarding some of their biological products which showed promise in laboratory studies as part of an MSc study conducted in 2019-2020. The company has since been collaborating with Sappi in the testing of some of their products under commercial conditions at Clan Nursery. The aims of the trials are to investigate the possible use of their biological products for

the control of *Quambalaria eucalypti* and other pathogens, as well as to improve general hedge vigour, cutting production and enhance cutting survival and rooting.

Results of the studies indicate that the Madumbi products are having a positive effect on both hedge production and cutting survival and rooting, as well as reducing the incidence of powdery mildew and *Quambalaria eucalypti* (Figure 2). The impact of two of their biological control products (Eco 77 and Double Nickel) has been very promising. Consequently, formal label extension trials have now been initiated. This is a significant breakthrough as there are currently only two fungicides registered for use in forestry nurseries. Having biological products that are less hazardous will be a significant milestone in integrated pathogen management in forestry.



Differences in disease incidence in the Clan Nursery Hedge-camp after Andermatt Madumbi biological control agent applications. Healthy green, lush plot treated with Andermatt Madumbi products in foreground, next to the control plot to which no pathogen control treatments were applied. note white/grey fungal growth on leaves of the control plot, as well as reduced shoot growth.





Opportunities for value creation

By accelerating our decarbonisation journey, and motivating our suppliers to commit to science-based targets, we are working to realise our vision of a thriving world. This, we believe is important in enhancing reputation, motivating customers to buy our products and attracting investment. All of which ultimately contribute to increased enterprise value.

Focusing on water

stewardship and circularity: water

WATER

Why it's material

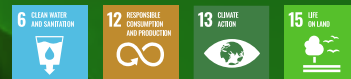
Water issues have been **identified as one of the most serious sustainability challenges facing the planet**, partly due to the impacts of climate change. Increasing populations, accelerating industrialisation and growing levels of urbanisation will put even greater pressure on this limited resource going forward.

Water is essential for the health of the forests and plantations from which we source woodfibre. In addition, pulp and paper operations are highly dependent on the use and responsible management of water resources. Water is used in all major process stages, including raw materials preparation (wood chip washing), pulp cooking, washing and screening, and paper machines (pulp slurry dilution and fabric showers). Water is also used for process cooling, materials transport, equipment cleaning, general facilities operations, and to generate steam for use in processes and on-site power generation and various other purposes. Against this backdrop, **responsible water stewardship** is essential for Sappi and for a thriving world.



How this issue links to other aspects of our business

Our global priority SDGs



Our top 10 risks

- 3. Sustainability expectations
- 5. Climate change
- 6. Evolving technologies and consumer preferences

Our strategic fundamentals

- Grow our business
- Sustain our financial health
- Drive operational excellence
- Enhance trust

THE GLOBAL FORCES SHAPING OUR Thrive25 strategy

- Climate change and climate transition
- Resource scarcity and growing concern for natural capital

Water is essential for the
health
of the forests and plantations
from which we source woodfibre

Focusing on water stewardship and circularity: water

continued

Our highlights

- Successful backwash project at Stanger Mill
- Water stewardship partnership with WWF-SA gaining traction

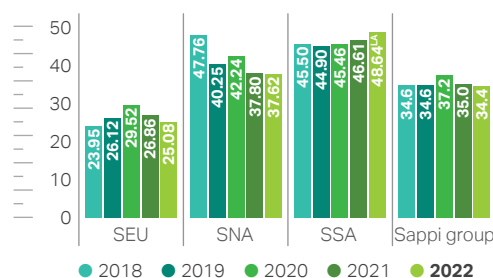
Key developments in FY2022

Globally, specific process water extracted decreased by 1.7%. Our water use is lower in Europe where the share of pulp production compared to total production is lower than in North America and South Africa.

Most of our mills are situated in the vicinity of rivers from which they draw water. Withdrawal from surface sources (mostly rivers) accounts for the largest percentage of water use. This withdrawal is subject to licence conditions in each area where we operate. Water and effluent testing is routinely conducted at all mill sites. Water management is included in our operational environmental management plans, which are reviewed and updated annually.

Our plantations are not irrigated and fertiliser is generally only used once in each rotation.

Specific process water extracted (m³/adt)



Globally, specific process water extracted decreased by 1.7%

Progressing water stewardship in our operations

Two notable water-related projects were completed at **Ngodwana Mill**. In the first project, the team identified the potential to use a non-hazardous chemical in the oxygen reactor to preserve pulp viscosity thereby allowing for the use of lower density timber for customers who require higher pulp viscosity. This allowed for lower levels of chlorine dioxide usage in the bleaching process which in turn has reduced the formation of adsorbable organic halides (AOX) by approximately 30%.

Good pulp washing ensures recovery of valuable chemicals and lower bleaching additives. In the second project, at the mill's DP plant, wash presses were retrofitted with enhanced dewatering devices. This has enabled the recovery of chemical and lower bleaching additives, thereby enhancing effluent quality.

A significant project was also completed at **Stanger Mill** which abstracts water under licence from the Mvoti River, but cannot sustain processes when there is low flow, forcing some plants to shut. Through process modelling and mass balances it was established that approximately 2,000 cubic metres (m³) of water per day – a significant amount – was used for backwashing filters at the process water plant. The backwash water was then discharged into the nearby Mbozambo lake.

The recovery project involved sampling and testing the backwash stream for turbidity, suspended solids as well as the cations and anions. An ion balance was conducted, from which the mill concluded that the backwash stream could be utilised in the process if the suspended solids were removed from the stream. The recommendation was made that the backwashed water be pumped upstream to the nearby water clarifier, allowing settling of the suspended solids, and the clean supernatant to overflow back to the process water plant for reuse.

This was achieved by connecting the backwash and forward wash outlet pipes from each of the six filters to a newly installed common header which discharges the water into the newly constructed sump. Construction began in June 2022 and the project was successfully commissioned in September 2022. The system is currently recovering 2,000 m³/day on average, an amount which represents 11.5% of the mills total water usage.



Focusing on water stewardship and circularity: water

continued

Advancing our external water stewardship partnership

Advancing our external water stewardship partnership

South Africa's key challenges include water scarcity, water management and community upliftment. In 2021, SSA finalised a two-year water stewardship agreement with the WWF-SA, aimed at improving water security in the uMkhomazi catchment where our Saiccor Mill and 42,000 hectares of our forestry land are situated. The project aims to achieve sufficient water for all users at an acceptable level of assurance and quality through multi-stakeholder collaboration focused on:

- Improved water governance through multi-stakeholder engagement:
 - The uMkhomazi Catchment Working Group is now established
 - We have engaged with the Impendle local municipality to ensure water stewardship is prioritised and engaged with the Department of Water and Sanitation (DWS) to establish the Upper uMkhomazi Catchment Management Forum
 - Contributed to the development of a Catchment Management Strategy in collaboration with DWS
- Enhanced water-use efficiency
- Green jobs in the form of removal of alien invasive plants and wetland rehabilitation:

- 40.3 ha of invasive alien plants cleared at Nzinga, with 10 individuals employed – follow-up clearing planned for FY2023
- The uMkhomazi catchment has also been mapped to inform the priority areas for project implementation. In addition, a database of the uMkhomazi catchment to share and demonstrate the work and investment has been established
- Capacity development of local communities in natural resource management:
 - Supported the Qhutshini and Nzinga Grazing Associations in implementing improved rangeland management on 20,000 ha in the upper catchment

The opportunity for green jobs is fully aligned with Sappi's commitment to ESD, which promotes sustainable livelihoods through capacity building of SMEs. See [Making a positive impact in our communities](#).

The project in the uMkhomazi catchment is also aligned with the uMhlathuze Water Stewardship Partnership, where we play an active role in supporting improved rangeland health and community cattle management in the uMhlathuze catchment in northern KwaZulu-Natal near eSigcalabeni. Sappi and WWF have proactively worked with community members to form the eSigcalabeni Grazing Association, in partnership with Meat Naturally. Meat Naturally is an organisation that partners with NGOs and land users to offer community-based cattle owners formal training on regenerative grazing techniques, rangeland restoration practices,

cattle management, stock theft patrol, predator control, and importantly marketing their cattle through mobile cattle auctions.

Supporting water stewardship in Europe

Water stewardship is an integral part of our journey to build a thriving world for people, communities and the planet. The unprecedented droughts affecting all parts of the world have made water stewardship more important than ever.

In 2022, Sappi Europe launched an internal initiative to further articulate our vision, approach and strategy on Water Stewardship across the region. A taskforce was created bringing together experts from each mill. Their objective is to build upon current practice to strengthen and broaden our approach and maturity to managing water-related risks and opportunities.

Together, the group conducted an exercise to identify Sappi Europe's current water stewardship maturity, gaps and opportunities. Based on the findings, the group is now working on water management plans for each mill, aligning water-related metrics and elevating water as a priority issue.

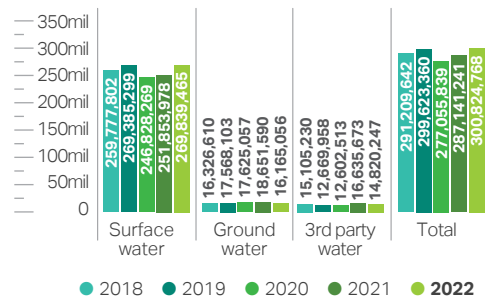
The taskforce is aligning its approach with international organisations and lessons-learned from peer companies. The experience of a taskforce member at World Water Week in Stockholm in 2022 has helped the group to focus on ensuring plans are as integrated and inclusive as possible.



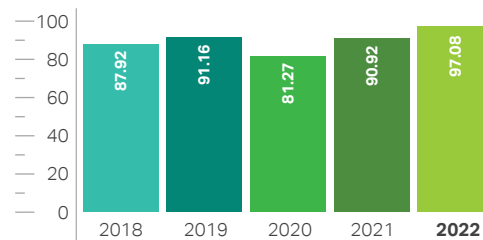
Focusing on water stewardship and circularity: water

continued

Total water withdrawal by source (m³/annum)



Total water withdrawal in water stressed locations (million m³/annum)

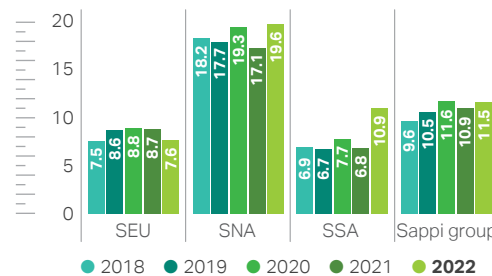


Although process water was used more efficiently during 2022, total water withdrawal increased **Globally**, mainly due to increased production.

Note: Total water withdrawal includes water from rivers, own storage dams, ground water from boreholes and potable water.

This graph applies to **SSA**.

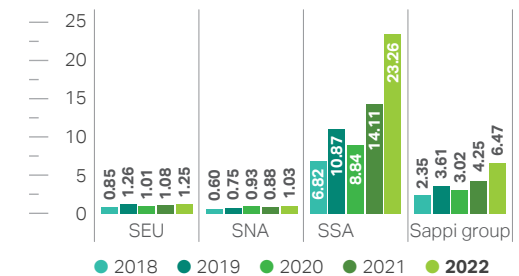
Chemical Oxygen Demand (COD) (kg/adt)



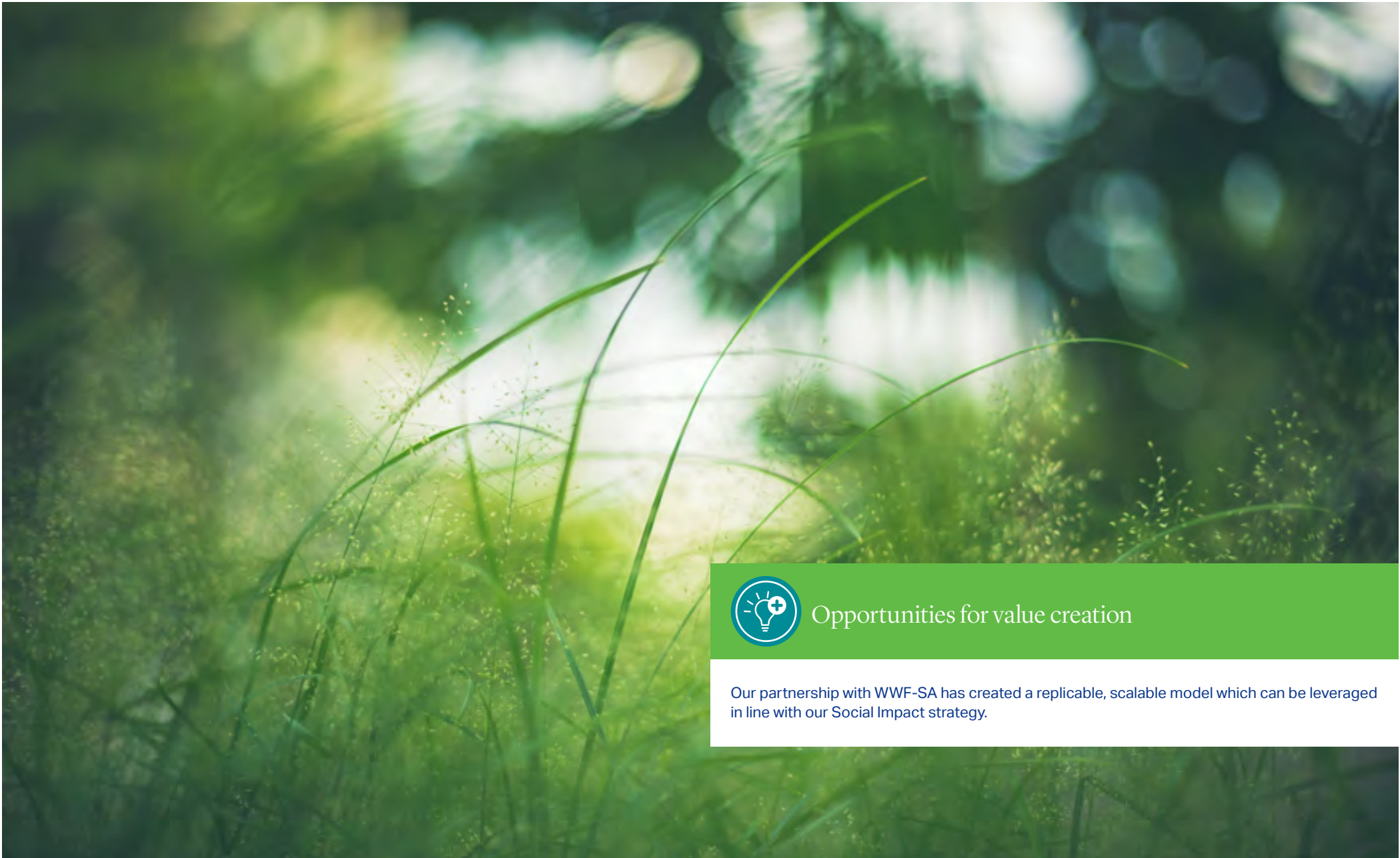
Globally, there was an increase. In **SEU**, however, there was a decrease. This was due mainly to the reduction of non-biodegradable COD emissions from the magnesium oxide bleaching plant at Gratkorn Mill. The increase in **SNA** was due to operational issues with the evaporator foul condensate stripper at Cloquet Mill during Qs 1-3; operational issues with the anaerobic reactor at Matane Mill and washing issues at Somerset Mill during Q2. The increase in **SSA** was due to the floods in April 2022 which damaged some effluent treatment equipment at Stanger Mill, affecting COD removal efficiencies during May, June and July. The COD increase at Tugela from February 2022 to year end was attributable to the cleaning of the emergency dams and the lower consistency pulp.

Saiccor Mill has been excluded from this graph as it is the only mill in the group to use the sulphite pulping process in the production of dissolving pulp. (Both Ngodwana and Cloquet Mills use the prehydrolysis kraft pulping process.)

Total Suspended Solids (TSS) (kg/adt)



Globally, there was an increase. In **SEU**, the increase was due to multiple production stops at Lanaken and Maastricht Mills in the case of the former, problems in the effluent treatment. In **SNA** the increase can be attributed to poor clarifier efficiencies at Cloquet Mill for much of the year; an anaerobic reactor upset at Matane Mill and washing difficulties at Somerset Mill during Q2 and a waste treatment clarifier sludge line failure and waste treatment pH excursion during Q4. In **SSA**, the increase was due to instability at Saiccor Mill which resulted in significant pulp spills and increased effluent volumes. At Tugela Mill, the increase was due to operational issues on the belt press and higher fibre loss (PM2 instability and run-off from pulp slab due to poor pulp quality).



Opportunities for value creation

Our partnership with WWF-SA has created a replicable, scalable model which can be leveraged in line with our Social Impact strategy.

Focusing on water

stewardship and circularity: waste

CIRCULARITY

Why it's material

Closing raw material loops is important for the environment. The circular economy is regenerative by design and **aims to gradually decouple growth from the consumption of finite resources**. For many years now, we have been moving away from the 'take-make-waste' linear model to align with this approach and generate additional revenue.






How this issue links to other aspects of our business

Our global priority SDGs



Our top 10 risks

-  3. Sustainability expectations
-  5. Climate change
-  6. Evolving technologies and consumer preferences

Our strategic fundamentals

-  Grow our business
-  Drive operational excellence
-  Enhance trust

THE GLOBAL FORCES SHAPING OUR Thrive25 strategy

- Move towards a circular economy
- Climate change and climate transition
- Resource scarcity and growing concern for natural capital

The
circular economy
is regenerative
by design

Focusing on water stewardship and circularity: waste

continued

Our highlights

- Over five years, the percentage of waste diverted from disposal has increased by 5.2%
- Specific landfilled solid waste has decreased by 19.1% over five years

Key developments

Our commitment to the circular economy begins with maximising the use of every tree harvested and continues throughout our manufacturing processes. Highlighting this approach, in FY2022, we diverted 76.7% of solid waste from landfill for beneficial purposes. In addition, specific landfilled solid waste has declined by 19.1% over five years.

We are strong advocates for **recycling and waste minimisation of all valuable material types**, and we encourage our customers, suppliers and community partners to promote recycling and to themselves recycle as much, as often and as responsibly as they can.

Packaging for the food industry that meets stringent health and safety standards and that is also recyclable is a longstanding challenge. Sappi has been working with leading consumer brand owners to develop and supply renewable paper-based packaging solutions by understanding and supporting the goals of making their packaging recyclable without compromising on food protection and shelf life.

One example of this is the Sappi Guard range of products. These innovative papers for flexible packaging come with integrated barriers against oxygen, water vapour, grease, aroma and mineral oil. Thanks to the integrated barriers, there is no need to apply special coatings or laminations. The work was enabled by our 2017 acquisition of barrier film technology company Rockwell Solutions.

Yet another example is Sappi Seal, the first paper-based solution with dispersion technology competing with extrusion/lamination in the market. Sappi Seal is also recyclable.

Extended Producer Responsibility (EPR) legislation is in place across all our manufacturing regions. In the US, in the state of Maine, where both the Somerset and Westbrook mills are located, was the testing for the first successful EPR adoption, shortly followed by the state of Oregon. Sappi supports improving the effectiveness of recycling systems which are critical in our drive toward a more circular economy. With the help of AF&PA we are monitoring the rule making phase of this legislation to ensure that the current high recycling rates of paper based packaging are recognized and the EPR system is designed to move all packaging materials to higher recovery rates.

Like the US, there is presently no federal approach. In Canada legislation is in place in the province of Quebec, where our Matane Mill is situated. We continue to monitor developments in this regard.

In South Africa, under EPR, a differentiated fee for the various paper and paper packaging categories has been calculated. This is based on current levels of collection and ease of recycling and will be payable for each ton of paper and paper packaging that is placed on the domestic market. 2022 is the first year of implementation.

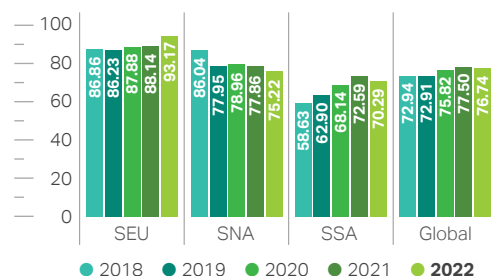
Ngodwana and Tugela Mills in **SSA** each use approximately 17% **recovered paper and board**. Much of this is supplied by Sappi ReFibre, **SSA's** secondary fibre division, which sources used paper products from an extensive network of agents across the Southern African region as well as from waste producers. The recovered board and paper are used to supplement virgin fibre in the manufacturing of packaging paper grades. Stanger Mill uses a certain percentage of **bagasse** (sugar cane waste residue) in the manufacture of paper products and going forward, this will now also be used to produce [moulded fibre products](#).



Focusing on water stewardship and circularity: waste

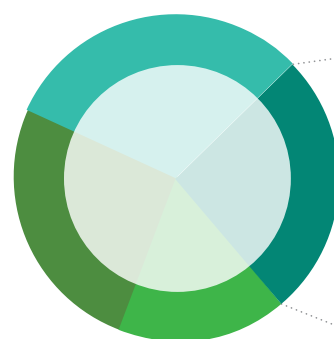
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Waste diverted from disposal (%)



Globally, the situation was stable. The increase in **SEU** was due to the cessation of coal firing at Gratkorn Mill and reduced coal firing at Stockstadt Mill which resulted in reduced amounts of ash to landfill. In **SNA**, the slight decrease can be attributed to reduced burning of bark at Somerset Mill. In **SSA**, the slight decrease was due to decreased ash generation at Saiccor Mill. In addition gypsum previously beneficiated was diverted to landfill during the last two quarters of the year. Tugela Mill beneficiated more absolute tons, but because of the higher volumes of waste produced the percentage beneficiated decreased.

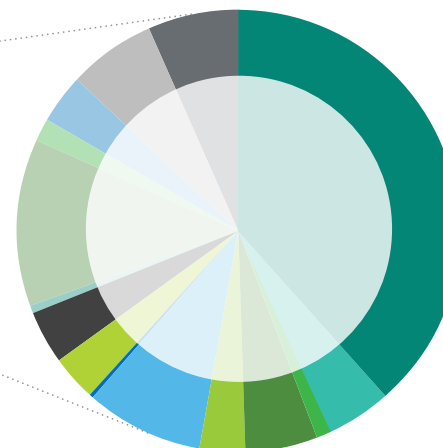
Global breakdown of solid waste types in Sappi (%) (2022)



- Bark (from own operations) (30.9%)
- Sludge (from pulp & paper mill and biological treatment) (26.0%)
- Boiler ashes (17.0%)
- Other (26.0%)

Total weight of hazardous waste (tons)	1,182.7
Total weight of non-hazardous waste (tons)	1,493,239.1
Total weight of waste recovered (tons) (Beneficially used waste)	1,146,618

Global breakdown of 'other' solid waste types in Sappi (%) (2022)



- Wood waste (knots, sawdust, slivers, fines oversize, pallets, other wood) (10.1%)
- Paper- and packaging waste (1.2%)
- Other combustible waste (0.3%)
- Green liquor dregs/Sodium sulphate rejects (1.4%)
- Slaker rejects (0.9%)
- Lime mud (2.2%)
- Wires and felts (0.1%)
- Domestic waste (0.9%)
- Plastics, polystyrene, plastic packaging (1.0%)
- Hazardous waste (0.1%)
- Used oil (3.2%)
- Other/scrap metals, iron, empty cans (0.5%)
- Oil contaminated waste (0.0%)
- Other waste (rolls, small chemicals, grinding roll waste etc.) (0.9%)
- Other waste (1.7%)
- Waste used for capping purposes (t/a) (1.7%)



Please refer to **Our 2022 Planet indicators** on www.sappi.com/2022-GSDR-Planet-indicators or these and other graphs detailing:

- Total weight of waste by type
- and disposal method
- Specific landfilled waste



Opportunities for value creation

In Europe, the CEPI has developed an updated test method to evaluate the recyclability of paper products in laboratory conditions in collaboration with other industry members, including the 4evergreen alliance, to which Sappi belongs. Design guidelines and evaluation protocols have been developed to support value chain actors to make all paper packaging recyclable by 2025 and reach a recycling rate of 90% by 2030.

We support the chair of the 4evergreen alliance in his comments: "The method developed together by the actors gathered by CEPI and 4evergreen provides a comprehensive toolkit to boost recyclability validation across Europe in a harmonised way."

Safeguarding and restoring biodiversity

Why it's material

Despite enormous progress in development in every sphere of our lives, there is a dramatic loss in biodiversity, fuelled by human activity. This has been highlighted by UN Secretary General, António Guterres who said: **“Humanity is waging a war on nature. This is suicidal. Making peace with nature is the defining task of the 21st century. It must be the top, top priority of everyone, everywhere.”**¹

Given that we are a renewable resource company, biodiversity is the foundation of our business. We promote healthy ecosystems in the forests and plantations from which we source woodfibre – biodiversity indicators are incorporated into the internationally acknowledged, independent forest certification systems we use, including the FSC; the PEFC and the SFI. In addition, we are increasingly involved in global initiatives aimed at nature positive solutions.



How this issue links to other aspects of our business

Our global priority SDGs



Our strategic fundamentals



Grow our business



Drive operational excellence

Our top 10 risks



3. Sustainability expectations



5. Climate Change

Biodiversity
indicators are incorporated into
the forest certification systems
we use



¹ <https://unfccc.int/news/un-secretary-general-making-peace-with-nature-is-the-defining-task-of-the-21st-century>

THE GLOBAL FORCES SHAPING OUR Thrive25 strategy

- Move towards a circular economy
- Climate change and climate transition
- Growing concern for natural capital

Safeguarding and restoring biodiversity

continued

Our highlights

- Significant progress towards our biodiversity-related Thrive25 target

Key developments in FY2022

In **SSA**, where we are one of the country's major landowners, we own and lease 399,996 hectares (ha) of land, of which 262,000 ha is planted, and 138,000 ha is unplanted natural areas that are managed for biodiversity in accordance with best practice principles. All our land – including the 138,000ha managed for biodiversity conservation – is FSC and PEFC certified.

An improvement in biodiversity can refer to the identification of threatened or protected species on Sappi property and implementing appropriate management, or it can mean an improvement in habitat condition and reduction in impacts caused by the forestry operation.

We consider both aspects to be important. Where information is available on rare, threatened or protected species, efforts are made to safeguard these areas, such as blue swallows on the Roelton Nature Reserve in KwaZulu-Natal and the population of the grass aloe, *Aloe craibii* on the Angle Ridge Nature Reserve in Mpumalanga – two of our seven declared nature reserves. At the operational level, the second interpretation is of relevance: namely the clearing alien weeds from natural areas, a reduction in sediment reaching

streams, improved flow of water courses, and the provision of a mosaic of habitats that can provide suitable conditions for a variety of species. Keeping pristine areas in a natural state and ensuring that burning frequencies are appropriate are also mechanisms for enhancing species diversity.

Progressing our Thrive25 target

Our biodiversity-related Thrive25 target is to enhance biodiversity in important conservation areas (ICAs) on our plantations by 10% by 2025.

There are approximately 156 sites on Sappi owned land classified as ICAs, adding up to about 38,320 ha of a diverse range of habitats including grasslands, wetlands and riverine areas and natural forest patches. Essentially, ICAs are areas that are important at the local level and are classified using a systematic conservation planning approach. Criteria that are used include the presence of both plant and animal red data species, the threat status of the ecosystem, the size, connectedness, condition and aesthetic and recreational value of the area.

In terms of habitat type, of our ICAs 28 are forests, 67 are grasslands, 20 are wetlands and 41 are river systems. The habitat condition of all our ICAs has been assessed and they have now been rated according to the following categories: natural (18 sites), good (78 sites), moderate (55 sites) and poor (five sites).

Key actions identified to enhance biodiversity relate to:

- Implementing alien weed control
- Examining the burning regime to ensure that it is at the appropriate frequency, depending on fire risk
- Managing cattle
- Implementing erosion control measures such as stream crossing upgrades and identified erosion features within ICAs

Progress on implementation of identified actions is monitored annually and in 2024, a formal re-assessment of all ICAs will provide a rating to be compared with that allocated when undertaking the initial assessment in 2021-2022.

Expanding our nature reserves

We currently have seven proclaimed seven Nature Reserves on our land, covering approximately 6,350ha hectares. Further potential Nature Reserves have been identified for proclamation through the Biodiversity Stewardship programme in KwaZulu-Natal to protect a critically endangered butterfly, the Karkloof Blue Butterfly.



Safeguarding and restoring biodiversity

continued

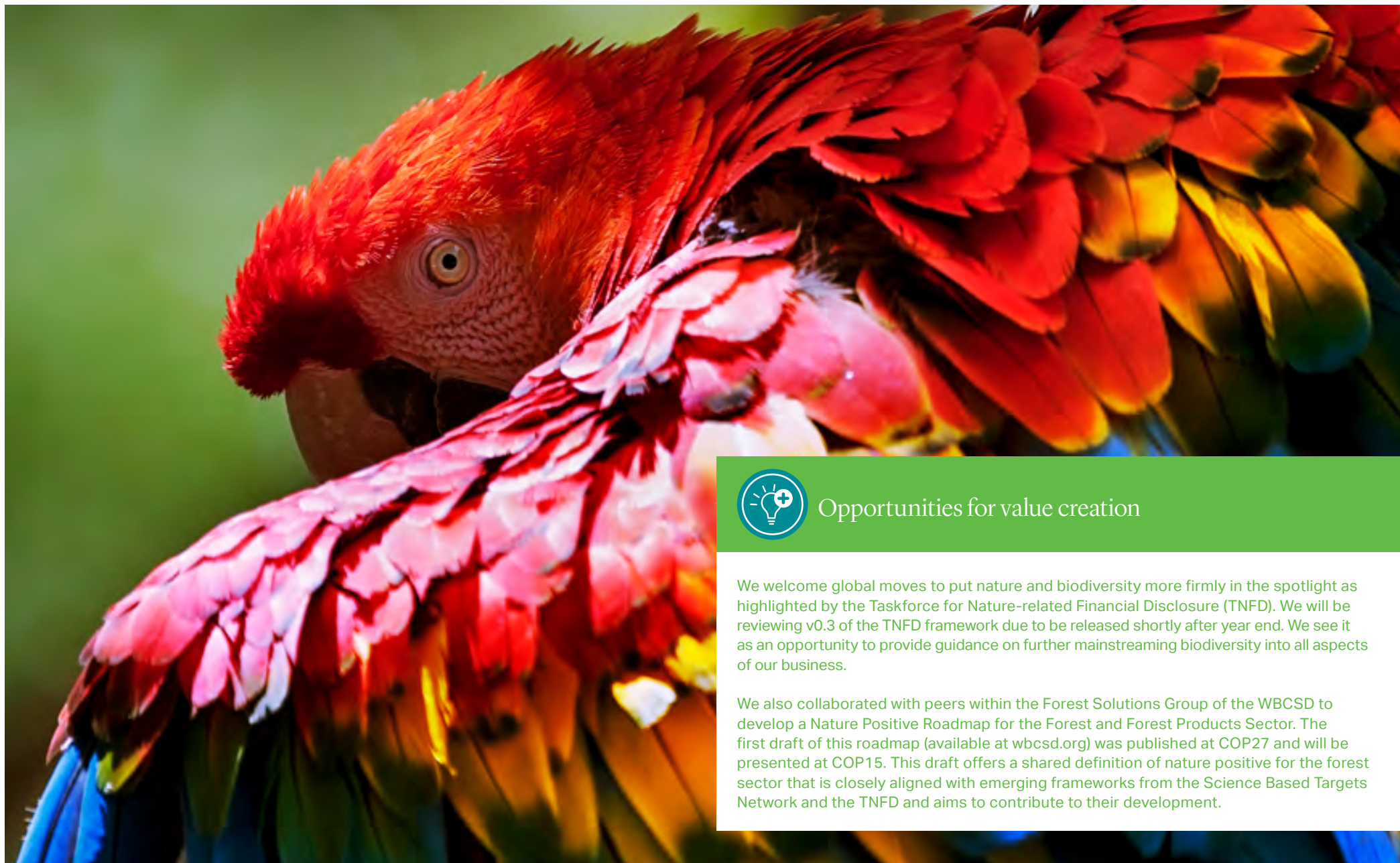
Supporting forest bats in Minnesota

In 2021 the Minnesota SFI Implementation Committee – which SNA supports – responded to the plight of forest bats by providing predator-safe maternal roost boxes for them.

Using sustainably-sourced insect and rot-resistant tamarack, we build and erected 75 rocket-style boxes. The Minnesota SFI Implementation Committee partnered with Bat Conservation International on box design, Minnesota Department of Natural Resources on monitoring, Minnesota Power on placement sites, and the Voyageur's Council of Boy Scouts of America on box construction. The aim is for the boxes to help reduce predation on bat pups during the most vulnerable point in their lives.

The Minnesota SIC was selected as the 2021 winner of the SFI Implementation Committee Achievement Award for this project.





Opportunities for value creation

We welcome global moves to put nature and biodiversity more firmly in the spotlight as highlighted by the Taskforce for Nature-related Financial Disclosure (TNFD). We will be reviewing v0.3 of the TNFD framework due to be released shortly after year end. We see it as an opportunity to provide guidance on further mainstreaming biodiversity into all aspects of our business.

We also collaborated with peers within the Forest Solutions Group of the WBCSD to develop a Nature Positive Roadmap for the Forest and Forest Products Sector. The first draft of this roadmap (available at wbcscd.org) was published at COP27 and will be presented at COP15. This draft offers a shared definition of nature positive for the forest sector that is closely aligned with emerging frameworks from the Science Based Targets Network and the TNFD and aims to contribute to their development.

A vibrant red crab is positioned on a dark, textured blue rock. In the foreground, there are bright red, feathery seaweed-like plants. The background is a deep blue, slightly blurred. A large, semi-transparent blue circle is overlaid on the left side of the image, partially covering the seaweed and the crab. The word "EXTEND" is written in a large, white, serif font across the bottom of the image, with the letters "E", "X", "T", "E", "N", and "D" spaced out.

EXTEND

Glossary

AF&PA – American Forest and Paper Association.

air dry tons (ADT) – Meaning dry solids content of 90% and moisture content of 10%.

biochemicals – Enzymes, hormones, pheromones etc, which either occur naturally or are manufactured to be identical to naturally occurring substances. Biochemicals have many environment-friendly applications, such as natural pesticides that work in non-lethal ways as repellents or by disrupting the mating patterns of the pests.

biofuels – Organic material such as wood, waste and alcohol fuels, as well as gaseous and liquid fuels produced from these feedstocks when they are burned to produce energy.

biomaterials – New developments in wood processing supports the move to a biobased economy that utilises materials that are renewable and biodegradable and that do not compete with food sources.

black liquor – The spent cooking liquor from the pulping process that arises when pulpwood is cooked in a digester thereby removing lignin, hemicellulose and other extractives from the wood to free the cellulose fibres. The resulting black liquor is an aqueous solution of lignin residues, hemicellulose, and the inorganic chemicals used in the pulping process. Black liquor contains slightly more than half of the energy content of the wood fed into the digester.

casting and release paper – Embossed paper used to impart design in polyurethane or polyvinyl chloride plastic films for the production of synthetic leather and other textured surfaces.

CEPI – Confederation of European Paper Industries.

chemical oxygen demand (COD) – The amount of oxygen required to break down the organic compounds in effluent.


chemical pulp – A generic term for pulp made from woodfibre that has been produced in a chemical process.

coated mechanical paper – Coated paper made from groundwood pulp that has been produced in a mechanical process, primarily used for magazines, catalogues and advertising material.

coated paper – Papers that contain a layer of coating material on one or both sides. The coating materials, consisting of pigments and binders, act as a filler to improve the printing surface of the paper.

coated woodfree paper – Coated paper made from chemical pulp that is made from woodfibre that has been produced in a chemical process, primarily used for high-end publications and advertising material.

CoC – Chain of Custody.

corrugating medium – Paperboard made from chemical and semi-chemical pulp, or waste paper, that is to be converted to a corrugated board by passing it through corrugating cylinders.  <https://ic.fsc.org/en> Corrugating medium between layers of linerboard form the board from which corrugated boxes are produced.

CSI – Corporate social investment.

dissolving pulp (DP) – Highly purified chemical pulp derived primarily from wood, but also from cotton linters intended primarily for conversion into chemical derivatives of cellulose and used mainly in the manufacture of viscose staple fibre, solvent spin fibre and filament.

EBITDA excluding special items – Earnings before interest (net finance costs), taxation, depreciation, amortisation and special items.

energy – Is present in many forms such as solar, mechanical, thermal, electrical and chemical. Any source of energy can be tapped to perform work. In power plants, coal is burned and its chemical energy is converted into electrical energy. To generate steam, coal and other fossil fuels are burned, thus converting stored chemical energy into thermal energy.

EPR – extended producer responsibility.

ESD – enterprise and supplier development.

fibre – Fibre is generally referred to as pulp in the paper industry. Wood is treated chemically or mechanically to separate the fibres during the pulping process.

Forest Stewardship Council™ (FSC™) – Is a global, not-for-profit organisation dedicated to the promotion of responsible forest management world-wide. <https://ic.fsc.org/en>

greenhouse gas (GHG) – The GHGs included in the Kyoto Protocol are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

hemicellulose sugars – The biorefinery process for second generation hemicellulose sugars involves recovering them from the prehydrolysate liquor, and then separating them.

ISO – Developed by the International Organization for Standardization (ISO), ISO 9000 is a series of standards focused on quality management systems, while the ISO 14001 series is focused on environmental performance and management and the ISO 50001 covers energy management.

JSE Limited – The main securities exchange in South Africa.

KPI – key performance indicator.

kraft paper – Packaging paper (bleached or unbleached) made from kraft pulp.

kraft pulp – Chemical wood pulp produced by digesting wood by means of the sulphate pulping process.

Kyoto Protocol – A document signed by over 160 countries at Kyoto, Japan in December 1997 that commits signatories to reducing their emission of greenhouse gases relative to levels emitted in 1990.

lignosulphonate – Lignosulphonate is a highly soluble lignin derivative and a product of the sulphite pulping process.

linerboard – The grade of paperboard used for the exterior facings of corrugated board. Linerboard is combined with corrugating medium by converters to produce corrugated board used in boxes.

Glossary *continued*

liquor – White liquor is the aqueous solution of sodium hydroxide and sodium sulphide used to extract lignin during kraft pulping. Black liquor is the resultant combination of lignin, water and chemicals.

managed forest – Naturally occurring forests that are harvested commercially.

market pulp – Pulp produced for sale on the open market, as opposed to that produced for own consumption in an integrated mill.

mechanical pulp – Pulp produced by means of the mechanical grinding or refining of wood or woodchips.

nanocellulose – Cellulose is the main component of plant stems, leaves and roots. Traditionally, its main commercial use was in producing paper and textiles. Nanocellulose opens up opportunities for advanced, planet-friendly solutions in place of environmentally harmful products.

natural forest – A forest of naturally regenerating native trees.

net debt – Current and non-current interest-bearing borrowings, and bank overdraft (net of cash, cash equivalents and short-term deposits).

newsprint – Paper produced for the printing of newspapers mainly from mechanical pulp and/or recycled waste paper.

NGO – Non-governmental organisation.

OHSAS – Is an international health and safety standard aimed at minimising occupational health and safety risks firstly, by conducting a variety of

analyses and secondly, by setting standards.

packaging and speciality papers –

A generic term for a group of papers intended for commercial and industrial use such as flexible packaging, label papers, functional papers, containerboard, paperboard, silicone base papers, casting and release papers, dye sublimation papers, inkjet papers and tissue paper.

packaging paper – Paper used for packaging purposes.

PAMSA – Paper Manufacturers' Association of South Africa.

plantation – Large-scale planted forests, intensively managed, highly productive and grown primarily for wood and fibre production.

power – The rate at which energy is used or produced.

printing and writing papers – A generic term for a group of papers intended for commercial printing use such as coated woodfree paper, coated mechanical paper, uncoated woodfree paper and newsprint.

Programme for the Endorsement of Forest Certification (PEFC) – Is an international non-profit, non-governmental organisation dedicated to promoting sustainable forest management through independent third-party certification. PEFC works by endorsing national forest certification systems and is represented in 55 countries through national organisations such as SFI in North America.

<https://www.pefc.org>

pulpwood – Wood suitable for producing pulp – usually not of sufficient standard for sawmilling.

R&D – research and development.

release paper – Base paper used in the production of making release liners, the backing paper for self-adhesive labels.

Sappi Biotech – The business unit within Sappi that drives innovation and commercialisation of biomaterials and biochemicals.

Sappi Europe (SEU) – The business unit within Sappi that oversees operations in the European region.

Sappi North America (SNA) – The business unit within Sappi that oversees operations in the North American region.

Sappi Pulp – The business unit within Sappi that oversees the production and marketing of dissolving pulp (DP) and kraft pulp.

Sappi Southern Africa (SSA) – The business unit within Sappi that oversees operations in the Southern Africa region.

SBTi – Science Based Targets initiative.

Scope 1 and 2 GHG emissions – The Greenhouse Gas Protocol defines Scope 1 (direct) and Scope 2 (indirect) emissions as follows:

- Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity
- Indirect GHG emissions are emissions from purchased electricity, steam, heat or cooling

SETS – Social, ethics, transformation and sustainability.

silviculture costs – Growing and tending costs of trees in forestry operations.

solid waste – Dry organic and inorganic waste materials.

specific – When data is expressed in specific form, this means that the actual quantity consumed during the year indicated, whether energy, water, emissions or solid waste, is expressed in terms of a production parameter. For Sappi, as with other pulp and paper companies, this parameter is air dry tons of saleable product.

specific purchased energy – The term 'specific' indicates that the actual quantity during the year indicated, is expressed in terms of a production parameter. For Sappi, as with other pulp and paper companies, the parameter is air dry tons of product.

specific total energy (STE) – The energy intensity ratio defined by the total energy consumption in the context of the saleable production.

Sustainable Forestry Initiative® (SFI®) – Is a solutions oriented sustainability organisation that collaborates on forest-based conservation and community initiatives. The SFI® forest management standard is the largest forestry certification standard within the PEFC program.

<https://www.forests.org>

ton – Term used in this report to denote a metric ton of 1,000 kg.

Glossary *continued*

tons per annum (TPA) – Term used in this report to denote tons per annum (tons a year). Capacity figures in this report denote tons per annum at maximum continuous run rate.

total suspended solids (TSS) – Refers to matter suspended or dissolved in effluent.

uncoated woodfree paper – Printing and writing paper made from bleached chemical pulp used for general printing, photocopying and stationery, etc. Referred to as uncoated as it does not contain a layer of pigment to give it a coated surface.

United Nations Global Compact (UNGC) – A principle based framework for businesses, stating 10 principles in the areas of human rights, labour, environment and anti-corruption.

UN SDGs – United Nations Sustainable Development Goals.

viscose staple fibre (VSF) – A natural fibre made from purified cellulose, primarily from dissolving pulp (DP) that can be twisted to form yarn.

woodfree paper – Paper made from chemical pulp.

World Wildlife Fund (WWF) – The world's largest conservation organisation, focused on supporting biological diversity.

